



ANNUAL REPORT

2011

TradeDoubler's annual report

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ANNUAL REPORT 2011

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Dear reader,

TradeDoubler's business is online and therefore we think it is natural that it is also the main focus of our financial communication. We have chosen to publish the main description of our operations on our home page and focus in the annual report on describing the performance during 2011. Our ambition is to offer shareholders and other investors an effective and easily accessible way of reading up-to-date and relevant information.

The electronic annual report has several user friendly functions. The contents can be divided up and printed out by page and the tables in Financial information can be downloaded in excel format and diagrams can be reviewed and saved in different image formats. The entire annual report may also be downloaded as a PDF document.

TradeDoubler's Annual Report is published in Swedish and in English. In the event of any differences in the versions the Swedish text should be referred to. The formal part of the annual report consists of the information under the Financial Information and Corporate Governance tabs.

The information in the annual report

TradeDoubler AB (publ), 556575-7423, is a Swedish public limited liability company with its registered office in Stockholm. The company is subject to Swedish laws and as a listed company is obliged to comply with NASDAQ OMX Stockholm's rules and regulations which govern information disclosure to the market.

All values are stated in Swedish kronor. Kronor expressed in millions is abbreviated to SEK M and kronor expressed in thousands is abbreviated to SEK '000. Numerical data in brackets refers to 2010 unless otherwise stated. Information about markets and the competitive situation is TradeDoubler's own assessment, unless a specific source is provided. You can subscribe to press releases and financial reports on TradeDoubler's website.

Financial calendar

Interim report (January-March 2012)	3 May, 2012
Annual general meeting	8 May, 2012
Interim report (January-June 2012)	27 July, 2012
Interim report (January-September 2012)	31 October, 2012
Year-end report 2012	6 February, 2013

A print version of the annual report may be ordered from:

TradeDoubler AB
Sveavägen 20
111 57 Stockholm
Tel. +46 8 40 50 800
E-mail: ir@tradedoubler.com

Give us your views!

Can we make the annual report better?

We would love to receive your suggestions and views,
e-mail: ir@tradedoubler.com

2011 in brief

- Net sales rose to SEK 2,612.7 M (2,477.8), and adjusted for changes in exchange rates, net sales increased by 11%.
- Gross profit rose to SEK 626.5 M (621.8), and adjusted for changes in exchange rates, gross profit increased by 6%.
- Operating profit (EBIT) rose to SEK 127.1 M (92.8), and adjusted for changes in exchange rates, operating profit increased by 59%.
- Cash flow from operating activities was SEK 123.6 M (-8.2).
- Earnings per share amounted to SEK 2.16 (1.71).
- The board proposed a dividend of SEK 1.00 per share and an extra dividend of SEK 0.50 per share, a total of SEK 1.50 (0.00) per share.
- The Search unit was sold to NetBooster and a strategic partnership in online marketing was initiated with the company.
- Parts of the IT operations were outsourced to Frontwalker in order to achieve higher efficiency and liberate resources for product development.
- The service offering was adapted for mobile devices.

Five years in summary

MSEK	2011*	2010*	2009	2008	2007
Net sales	2,613	2,478	3,014	3,457	2,664
Gross profit	627	622	690	747	636
Gross margin %	24.0	25.1	22.9	21.6	23.9
Costs	-499	-529	-795	-597	-441
Operating profit	127	93	-105	150	195
Operating margin %	4.9	3.7	-3.5	4.3	7.3

*For 2010 and 2011 the numbers are related to continuing operations after the divestment of the Search business. No adjustments are made for the years 2007-2009.

NET SALES
for continuing operations

SEK 2,613 M

OPERATING PROFIT
for continuing operations

SEK 127.1 M

CASH FLOW
for continuing operations

SEK 123.6 M

A sharper TradeDoubler takes shape

When I sum up 2011, it is clear that TradeDoubler succeeded with several key points. We have made good progress towards our goal of delivering scalable profitable growth, we increased our focus on the core business, and finally we could see the results of our focus on creating a better workplace and greater motivation among the employees.

Scalable profitable growth

TradeDoubler's net sales increased to SEK 2,613 M, an increase of 11 per cent adjusted for changes in exchange rates. Sales were strongest at the start of the year. Our view is that the increase was in line with the growth in our addressable market. Meanwhile, operating profit increased to SEK 127 M, a total rise of 59 per cent, currency-adjusted. The improved profitability was due to the fact that we reduced our costs and introduced a more efficient working method. In other words, we are starting to see scalability.

The work on creating profitable scalable growth began as early as the autumn of 2010 when TradeDoubler's new strategy was launched. An important element of this was to create a more efficient organisation, and therefore starting in January 2011, we introduced a flatter structure consisting of six geographical market units where all of them work closer to the customers than before and two specialised business units, Technology and Search.

The sales and profitability targets in the new organisation are very clear and the reporting is much more transparent than before. The employees know what is expected of them and today most are rewarded according to fulfilment of goals. We are making continuous efforts to improve productivity in the entire organisation through centralisation and automation. In 2011, a large part of the customer support was brought together in Telford, in the UK, which will allow us to run it more cost effectively. Concurrently, many previously manual processes were also automated. The changes will make it much easier for us to continue growing with increasing profitability.

Increased focus on the core business

The French company NetBooster took over the Search unit in December 2011 in connection with initiating cooperation with TradeDoubler. By incorporating our operation, NetBooster will become a strong and competitive player in the search area. We have become their "preferred partner" within advertising networks, campaigns and technology solutions. In this way, we can both offer advertisers and publishers a stronger service offering than before. Several customers want a total offering, which we can continue to offer them.

This cooperation will enable us to focus on our core business within affiliate networks and campaigns, while the Technology business unit developed positively and gained a strong position. We are now investing to consolidate our position as the leading player within performance-based

marketing in Europe. It is a large market with good growth. It is a market that is developing rapidly with new formats, new platforms, and new services to both publishers and advertisers. We also aim to be market leading in this market in the future.

Within advertising networks, we are continuing to work on boosting the automation for advertisers, media agencies and web site owners. This is important not only for our own profitability, but especially for our customers in order to see the results of their activities more rapidly and reliably. We have also opened our technology platform to external developers, which implies a higher rate of innovation.

Increasingly mobile

Focus on the core business means that we can also follow consumers to mobile devices such as Internet tablets and mobile phones. To accomplish this, we adapted our platform for mobile devices during the year and improved our tracking technology. This means that we now follow consumers when they move between Internet sites, mobile sites, in apps and between different devices. Meanwhile, we are working close to our customers in order to expand our business together on mobile platforms. The next step for us is to follow consumers into traditional stores even if they complete the purchase offline.

The mobile market is growing very rapidly, although from low levels. In December 2011, mobile devices accounted for over four per cent of the movements in our network. In one year from now, that figure will be considerably higher. TradeDoubler's ambition is to be Europe's leading mobile performance network.

An attractive workplace

The final key point that I want to mention is that TradeDoubler became a more attractive workplace during 2011. We did a number of things to achieve this. We reintroduced introductory training for new employees, we established a rotation programme and increased the development opportunities for employees. In 2012, we will continue our investment in TradeDoubler as a workplace, with a focus on training and career development.

This investment is important for us. For many of our employees, TradeDoubler is the first real workplace and we still have much too high employee turnover. By retaining more people for a longer period, we can boost our productivity and strengthen our client relationships. A good workplace is good for our business.

This investment has delivered results. Employee turnover was significantly reduced during the year. The employee survey, which was conducted for the seventh consecutive year, showed the best results ever. Most employees believe that TradeDoublerr better than other companies and would recommend it as an employer. The employees also have considerable knowledge about our core values.

The market is maturing

So far we have talked about 2011. The new year has begun and my ambition is that TradeDoublerr shall maintain a continued high pace in its development. Let us begin by looking externally and then at TradeDoublerr's agenda for 2012.

Our main market, the Internet, is gradually becoming more and more mature. Generally speaking, growth is still stronger than the economy as a whole, but the most developed geographical markets and segments are growing at a somewhat slower rate. In the travel sector, which is one of the most mature segments, it is estimated that one third of the world's bookings are made via the Internet. In the UK, almost half of all bookings are made online, and in Scandinavia the figure is around two thirds.

Our role – to drive traffic and business to our customers – will naturally become more important as more and more business is conducted digitally. This also means that customers are imposing stricter demands on us suppliers while they have become much more skilful themselves in relation to online marketing. However, as always, the more we help our customers, the more we can charge for our services. TradeDoublerr will continue to develop new services and improve customer value, competitiveness and internal efficiency.

Leading

Our goal is to be leading in the markets in which we operate. This is essential for attracting the best advertisers and website owners in each market. It is also the key to long-term success. Entering a market at an early stage gives us good opportunities to establish such a position, but it is not the only way.

In some of our existing markets, we have some work to do in order to establish a leading position. In some markets, we can strengthen or establish a leading position through organic growth. To be leading in other markets will require acquisitions, or partnerships.

New markets

Continuing the expansion into new markets is also on the agenda for 2012. In the first place, the goal is not to enter more markets but to continue to establish TradeDoublerr in the countries where we conducted our first business last year. This includes three very interesting markets, Brazil, Russia and Turkey. All are emerging markets with large populations.

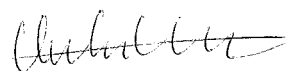
Outlook

TradeDoublerr shall be leading within its core business in Europe, which means that we will continue to develop our services and advance our relationships with key clients. In every market where we operate, we want to be number one, or perhaps number two. We are prepared to invest in order to get there.

Online marketing will continue to show good growth but in some segments the market is nearing maturity. The journey there has meant that we have become a more important partner for our customers, who are therefore also imposing stricter demands on us. As a leading player, we shall live up to these demands. Our scalable working method allows us to produce larger volumes with fewer resources, which will become increasingly apparent. The work on making TradeDoublerr into a more attractive workplace is continuing.

Taken together, this means that we – my employees and I – also look forward to continue delivering profitable scalable growth during 2012 and to secure our position as the leading performance network in Europe.

Stockholm, March 2012



Urban Gillström



Board of Director's report

The board of directors and the chief executive officer of TradeDoubler AB (publ), corporate registration number 556575-7423, hereby submit the annual accounts for the operations in the parent company and the group for the financial year 2011.

TradeDoubler's operations

TradeDoubler is Europe's leading player within performance-based online marketing.

Business concept

TradeDoubler creates results by improving the clients' digital marketing. This happens through our performance-based advertising network and our tools which help advertisers to make the most of their campaigns.

Business model

TradeDoubler's business model is based on the company:

- operating as an independent third party and arranging adverts and campaign space among advertisers, media agencies and websites/publishers
- supplying and refining an advanced technical advertising platform

TradeDoubler improves business for both advertisers and website owners. The basis of the operations is that TradeDoubler arranges and optimises adverts and campaign space between advertisers and website owners. In the core business, advertising network or affiliate network, advertisers who want to boost their online sales are matched with website owners who want to boost their advertising revenue. The websites then drive traffic to the advertising company's website. By measuring what activity the advert generates, remuneration to publishers and to TradeDoubler, is connected with the result achieved which in the industry is known as performance-based marketing. The advertising format, for example, may be banners, embedded links, can consist of video or offer one-click purchasing.

Network

TradeDoubler's core business is to arrange adverts between advertisers and publishers. This occurs through an advertising network that consists of 140,000 publishers and is used by approx. 2,000 advertisers. TradeDoubler's position as Europe's leading player within performance-based online marketing was confirmed in 2011 by a survey among more than 1,000 publishers conducted by A4U, the trade organisation for publishers and performance-based marketing.

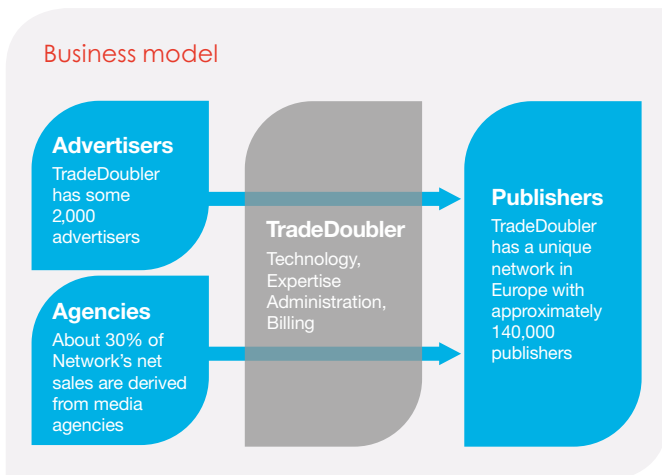
TradeDoubler has a leading position within advertising networks in most of the 18 countries where the group has companies. In 2011, operations were established in more countries in Eastern Europe, the Middle East and Latin America using these companies as a base. The main product for TradeDoubler in its advertising network is the affiliate marketing but TradeDoubler also conducts campaign marketing. The technology platform enables an efficient and relevant flow for advertisers who wish to market themselves and drive online sales, and for site owners/publishers who provide advertising space on their websites. One of the central features is the capability to follow consumers when they move between various websites and devices. The platform was improved during 2011 in order to also work effectively in mobile devices.

The advertisers are often famous international brands such as American Express, Dell, Expedia, Microsoft Stores, Nissan and Opel. The group also works with a large number of local advertisers of various sizes, from the well-known British grocery chain Tesco to the niche player Lekmer in Sweden. Roughly every sixth customer partners with TradeDoubler in more than one country.

Some of the larger customers partner with TradeDoubler in the whole of Europe. In 2011, TradeDoubler implemented a special investment for large customers who work with the group in more than ten countries. Special offerings have been designed for this group and the client relationships with them have been strengthened. Through continuous dialogue around their needs, TradeDoubler expects the new products and formats to achieve good success. It is also first and foremost in cooperation with these customers that TradeDoubler establishes itself in new markets. TradeDoubler's business with these customers is increasing more rapidly than for the average customer.

There are approx. 140,000 publishers in the advertising network, including media sites, price comparison sites, blogs and other popular websites. The ability of the sites to drive traffic and revenues for advertisers varies greatly. A small proportion of the total number of publishers generates a substantial share of TradeDoubler's revenues. During the second half of 2011, TradeDoubler therefore introduced a programme for these "premium publishers", which gives them better service and good opportunities for dialogue with advertisers and exclusive offerings.

Even though attractive offerings for "premium publishers" are important, TradeDoubler's business model is largely dependent on smaller publishers in what is often called "the mid and long tail". TradeDoubler thus offers



advertisers space with a great variety of sites that capture consumers in various niches and in local markets. The technology platform continually analyses where different adverts should be displayed in order to generate the best effect and thereby optimise the results for advertisers and site owners. For many site owners, TradeDoublerr plays an important role in generating revenues. One third of those questioned in A4U's survey stated that over 80 per cent of their revenue came from performance-based online marketing.

Technology

Technology offers the technology platform to customers who want to handle net-based marketing activities themselves. With a broad and flexible range of functionality, each customer can be offered a solution that is adapted precisely to their needs. The business unit's customers are advertisers, publishers and media agencies that need to be able to handle, analyse and optimise all kinds of marketing on the Internet.

Market

TradeDoublerr operates on the dynamic and rapidly growing market for online marketing in Europe, where the largest advertisers are found within consumer-oriented sectors such as travel, finance and retail. Most of the marketing occurs via Internet sites, but marketing on mobile devices such as smartphones and Internet tablets is also growing very rapidly, although from lower levels. Online marketing is a broad field which includes a host of different marketing activities.

The market for performance-based online marketing is growing more rapidly than the economy as a whole. The growth is connected to increased e-commerce and the fact that advertising budgets are being re-allocated from other media to the Internet. The structural shift to online marketing has historically meant that the market has shown positive growth figures even during a recession. In 2011, the weak market conditions in the Southern European market had a negative impact, while the markets in Northern Europe continued to show good growth.

TradeDoublerr's market

TradeDoublerr mainly operates within the advertising network or affiliate network niche. Within this niche, the group reaches approximately 75 per cent of Europe's internet users. The group has a leading position with advertising networks in most of the 18 countries where it has companies.

Most of TradeDoublerr's operations can be attributed to three areas or categories - travel & tourism, e-commerce and advertising. In 2011, Travel & tourism in Europe was estimated to have recorded total growth of 2 per cent in real terms, according to the trade organisation World Travel & Tourism Council. Business in the industry moved rapidly to the Internet and it has thus reached a higher degree of maturity than most other sectors. It is estimated on a global basis, that 40 per cent of business trips and 50 per cent of leisure trips are booked via the Internet. The rapid growth in distribution channels on the Internet has created a structural shift where new players have managed to capture substantial market shares in a relatively short period of time, which means that some players can display very strong growth. The sector as a whole is expected to grow more rapidly on the Internet than via traditional channels, but the differences are less now than a few years ago.

E-commerce in Europe increased by 16 per cent according to estimates by the market research company Forrester. The scale of e-commerce varies considerably between different countries, where population and Internet penetration are both important parameters. A total of three quarters of the e-commerce in Europe occurs in three countries; the UK, Germany and France. Some sectors are also more established online than others. Consumer electronics, which does not include computers, clothes as well as food & drink account for half of total e-commerce in Europe.

According to the market research company Magna Global, Internet advertising accounted for one fifth of total advertising investments during 2011. The market has grown more rapidly than the overall advertising market for many years, particularly driven by increased advertising via search engines in recent years. However, other Internet advertising has also grown more rapidly than the advertising market as a whole with growth in 2010 of 15 per cent which is expected to fall somewhat to 11 per cent in 2011.

TradeDoublerr's market



Significant events during the year

New organisation

A new organisation was introduced in early 2011 which was designed to fit the strategy adopted during the autumn of 2010. The organisation is designed to facilitate the goal of growing more rapidly than the market with scalable profitability.

The new organisation consists of six geographically organised units within Network and the Technology unit. The search operations were reorganised within the Search unit during most of the year before being sold to NetBooster in December. The unit's mission is to develop business with customers and operate with both sales and profit responsibility. All heads of units are members of the company management.

A new key function, CCO (Chief Commercial Officer), with responsibility for sales and marketing was introduced at a central level in order to drive sales, develop the marketing organisation and establish a performance-based world-class advertising network. The company management in 2011 thus consisted of the CEO, the company's CFO, CCO, the heads of the six market units, the heads of the business units Technology and Search and also the CTO, CIO and Strategy and Operational Excellence Program Leader. With the sale of the search operations, the head of Search has taken up a senior position at the purchasing company and has left the company management.

Cooperation with NetBooster

In December 2011, TradeDoublér entered into cooperation with NetBooster. As part of this, TradeDoublér's assets within search engine marketing in the Search unit were sold to NetBooster and the parties entered into a strategic partnership within online marketing where TradeDoublér became a "preferred partner" to NetBooster within services for performance-based marketing, such as affiliate network, campaigns and technology solutions, while NetBooster became a "preferred partner" to TradeDoublér within both paid searches and organic search optimisation. The cooperation strengthens both companies and offers new and existing customers access to a greater geographical reach within and outside Europe, as well as deeper competence in digital marketing and e-commerce.

Outsourcing of IT

In December, the responsibility for parts of TradeDoublér's IT operations was outsourced relating to operation, maintenance and administration. The outsourcing liberates resources which will be used to strengthen the integration of products and technology in a new organisation which will have a clearer focus on product development. The CIO will leave the company on account of the outsourcing.

Product development

The most strategically important event within product development was that the technology platform was made available for mobile devices, such as smartphones and Internet tablets. TradeDoublér is continuing to develop its tracking technology in order to better follow the activities of consumers when they move between various devices and also out to ordinary shops.

Several new services were launched during the year, such as geo- and re-targeting where adverts can be shown to users within a certain geographical area or to users who showed interest for a particular product previously. Several advertising formats were also developed further.

The platform was opened for external developers who were also provided with some development tools. The intention is to boost the tempo and diversity within product development, which is expected to result in a more attractive platform.

Sales, earnings and profitability

The account below does not include operations within the Search business unit, which was divested during the fourth quarter and is accounted for below under the heading Divested operations. All historical profit comparisons are excluding Search.

Consolidated net sales increased in 2011 to SEK 2,612.7 M (2,477.8), an increase of 11 per cent adjusted for changes in exchange rates. The increase in transaction volume is considered to be in line with the growth in TradeDoubler's addressable market. Travel accounts for approximately one third of the transaction volume in TradeDoubler's network. Other major sectors are consumer electronics, media & entertainment and retail.

Gross profit rose to SEK 626.5 M (621.8), which was an increase of 6 per cent adjusted for changes in exchange rates. The gross margin thus weakened slightly to 24.0 (25.1) per cent. The fall in the gross margin was due to a relatively large share of transaction volume in Northern Europe where the market is more mature and from international customers who offer larger transaction volumes.

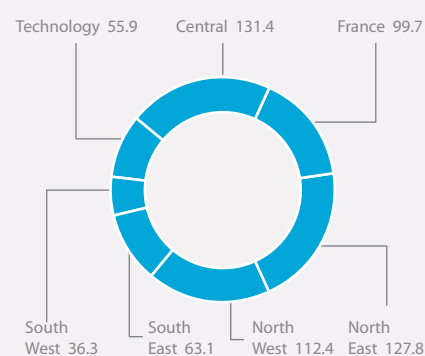
Operating costs fell to SEK 499.5 M (529.0), a fall of 2 per cent adjusted for changes in exchange rates, due to a continued focus on costs with a restrictive policy regarding new recruitment and rehiring and a more efficient organisational structure which was established at the start of the year. Taken together, the changes meant that operating profit improved to SEK 127.1 M (92.8), an increase of 59 per cent adjusted for changes in exchange rates. The operating profit/gross profit margin increased to 20.3 (14.9) per cent.

Financial income and expenses amounted to SEK -12.7 M (-10.0), which was explained by currency translation differences on internal balances and currency effects on trade receivables. The group has no interest-bearing loans (0.0).

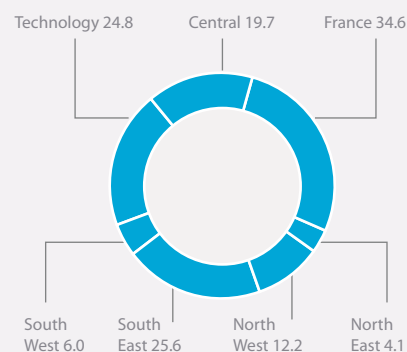
Profit after tax for remaining operations amounted to SEK 92.2 M (72.8), a rise of 31 per cent adjusted for changes in exchange rates. The tax rate was 19.4 (12.1) per cent.

Return on equity amounted to 16.8 (14.6) per cent.

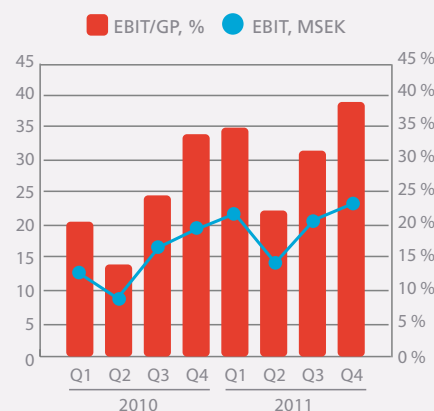
Gross profit per segment SEK M



Operating profit per segment SEK M



Operating profit, continuing operation



Comments per operative unit

The operating units are run as separate units and each head of unit reports directly to the CEO. The market unit's results are charged with central expenses for product development, marketing, IT, finance and other support functions.

Central

The Central market unit is TradeDoubler's largest single unit and covers the operations in Germany, Switzerland, Austria, Belgium and the Netherlands. The unit accounts for 21 per cent of the consolidated gross profit.

The unit improved its gross profit to SEK 131.4 M (120.7), an increase of 12 per cent adjusted for changes in exchange rates. The operating profit rose at the same time to SEK 19.7 M (4.7), which improved the margin, operating profit/gross profit, to 15.0 (3.9) per cent. The development varied significantly between different countries, with a positive development particularly in Germany and Switzerland which both displayed higher transaction volume and better profitability. The unit is specifically concentrating on segments where it has a strong position, such as within travel and consumer electronics.

North East

The North East market unit is TradeDoubler's second largest and covers the operations in Sweden, Norway, Denmark, Finland, Lithuania, Poland and Russia. The unit accounts for 20 per cent of the consolidated gross profit.

The unit's gross profit rose slightly to SEK 127.8 M (126.0), an increase of 5 per cent adjusted for changes in exchange rates. Operating profit improved to SEK 4.1 M (2.0) which meant that the margin, operating profit/gross profit, rose to 3.2 (1.6) per cent. The unit is investing in building up its market position in Lithuania, Poland and Russia which is reducing profitability. TradeDoubler had a weak development in the largest market Sweden, where the management was replaced and an action programme was implemented during the second half of 2011.

France

The market unit France, which covers France, accounts for 16 per cent of the consolidated gross profit.

The unit's gross profit decreased to SEK 99.7 M (106.3), a decline of 1 per cent adjusted for changes in exchange rates. Operating profit improved to SEK 34.6 M (25.9), which was the highest for an individual unit and meant that the margin, operating profit/gross profit, rose to 34.7 (24.3) per cent. The strong profitability meant that the unit generated 27 per cent of the consolidated operating profit.

Changed taxation of the gaming industry meant that the sector radically reduced its online activities, which had a negative effect on transaction volumes. The uncertain market conditions impeded activity, especially during the second half of the year. Some of the unit's retail customers also chose to reduce their activities.

North West

The market unit North West consists of the operations in the UK and Ireland and accounts for 18 per cent of the consolidated gross profit.

The unit reported a rising gross profit of SEK 112.4 M (106.6), an increase of 12 per cent adjusted for changes in exchange rates. Operating profit improved to SEK 12.2 M (9.1), which meant that the margin, operating profit/gross profit, strengthened to 10.9 (8.5) per cent.

With a new head of unit, transaction volume increased notwithstanding a weak economic and fiscal climate. The previously very high employee turnover decreased, which meant that more energy could be devoted to sales and client relationships.

South East

The market unit South East consists mainly of Italy, from where some transactions also take place in Turkey and the Middle East. The unit accounted for 10 per cent of the consolidated gross profit.

The unit strengthened its gross profit to SEK 63.1 M (57.2), an increase of 16 per cent adjusted for changes in exchange rates. Operating profit improved to SEK 25.6 M (15.6), which further boosted profitability to a margin, operating profit/gross profit, of 40.6 (27.2) per cent. The strong profitability meant that the unit generated 20 per cent of the consolidated operating profit.

The improvements occurred despite the fact that financial and political uncertainty adversely affected the economy, which the unit compensated for through a strong focus on new sales but also new advertising formats. While the activity in the travel sector was stable, TradeDoubler expanded its operations within telecoms, retail, cars and sport.

South West

The market unit South West consists of the operations in Spain and Portugal. The operations account for 6 per cent of the consolidated gross profit.

Gross profit in South West amounted to SEK 36.3 M (46.4), a decline of 17 per cent adjusted for changes in exchange rates. Operating profit fell to SEK 6.0 M (8.6), which meant that the margin, operating profit/gross profit, weakened to 16.6 (18.5) per cent.

The weak economy in the region affected the operations negatively. Travel, which is TradeDoubler's largest segment in the region, fell sharply. Renegotiations with the region's largest customer contributed to the reduced profitability.

Technology

The Technology unit offers TradeDoubler's technology platform to customers who want to build their own affiliate network. The unit accounts for 9 per cent of the consolidated gross profit.

Gross profit for the unit amounted to SEK 55.9 M (58.5), an increase of 1 per cent adjusted for changes in exchange rates. Operating profit amounted to SEK 24.8 M (27.0), which accounted for 20 per cent of the total consolidated operating profit. The margin, operating profit/gross profit, continued to be high at 44.4 (46.2) per cent.

The operations were negatively affected by the weak economy, which both reduced demand and resulted in slower decision-making processes. The loss of specific customers in Germany had a negative impact on results.

Discontinued operations

The operations in the Search market unit were sold to NetBooster during the fourth quarter, after which these operations are reported as discontinued operations in the income statement.

The net effect on consolidated equity from the discontinued operations amounted to SEK -45.0 M. The net effect consists of a capital loss from the divestment (excluding reversed currency and translation differences) of SEK -38.0 M and transaction costs of SEK -7.0 M. The transaction costs mainly included fees to advisors.

With the divestment of the Search operations, items previously recognised via other comprehensive income against equity, are recognised as a component of the capital loss in the income statement. The two items previously recognised via other comprehensive income against equity are

exchange rate differences on increased net investment, which accumulated amounted to SEK -98.1 M, and translation difference in equity of SEK -3.8 M (both recognised net after tax). These items, which were previously recognised via other comprehensive income against equity, are reversed in the company's statement of other comprehensive income.

The recognised capital loss in the group is SEK -146.9 M in total of which the consolidated equity has been affected by SEK -45.0 M and by the fact that an adjustment was made in equity from translation difference to net profit for the year of SEK -101.8 M in total.

The discontinued operations affected the profit after tax by SEK -143.1 M (-11.5). Gross profit for the discontinued operations was SEK 31.8 M (36.6). The effect on operating profit from the discontinued operations during the year was SEK -7.7 M (-10.3).

Market Units – Key responsibilities

- Drive sales and delivery across all countries in the unit
- Sales to international clients with central point of coordination in the market unit
- Manage geographical expansion to bordering territories

Market Unit North West

UK and Ireland

Gross profit: SEK 112 million
Gross Margin SEK 12 million
Internet penetration 2010*: 81.1%
Internet penetration 2015*: 81.6%
Population online 2010 (M)*: 47.0
Population online 2015 (M)*: 48.0
Growth internet marketing (excl. search)*: 7.8%

Contact information:

24th Floor, Portland House
Bressenden Place, London, SW1E 5BH
United Kingdom
info.uk@tradedoubler.com
T: +44 (0)20 7798 5800
F: +44 (0)20 7798 5801

Market Unit France

France

Gross profit: SEK 100 million
Gross Margin SEK 35 million
Internet penetration 2010*: 72.2%
Internet penetration 2015*: 75%
Population online 2010 (M)*: 46.5
Population online 2015 (M)*: 49.5
Growth internet marketing (excl. search)*: 6.5%

Contact information:

4/6 boulevard Montmartre
75009 Paris
France
info.fr@tradedoubler.com
T: +33 1 42 65 12 89
F: +33 1 42 65 45 52

Market Unit North East

Sweden, Denmark, Norway, Finland, Poland, Russia and Lithuania

Gross profit: SEK 128 million
Gross Margin SEK 4 million
Internet penetration 2010*: 44.4%
Internet penetration 2015*: 71.8%
Population online 2010 (M)*: 92.4
Population online 2015 (M)*: 149.8
Growth internet marketing (excl. search)*: 20.7%

Contact information:

Sveavägen 20
S-111 57 Stockholm
Sweden
info.se@tradedoubler.com
T: +46 8 40 50 800
F: +46 8 40 50 844

Market Unit Central

Germany, Switzerland, Austria, Netherlands and Belgium

Gross profit: SEK 131 million
Gross Margin SEK 20 million
Internet penetration 2010*: 77.5%
Internet penetration 2015*: 79.1%
Population online 2010 (M)*: 44.9
Population online 2015 (M)*: 45.3
Growth internet marketing (excl. search)*: 7.5%

Contact information:

Herzog-Wilhelm Straße 26
D-80331 München
Germany
info.de@tradedoubler.com
T: +49 89 215 872-0
F: +49 89 215 872 11

Market Unit South West

Spain and Portugal

Gross profit: SEK 36 million
Gross Margin SEK 6 million
Internet penetration 2010*: 60.8%
Internet penetration 2015*: 72.3%
Population online 2010 (M)*: 24.4
Population online 2015 (M)*: 29.8
Growth internet marketing (excl. search)*: 9.9%

Contact information:

Alcalá 21, Pl.12
28014 Madrid
Spain
info.es@tradedoubler.com
T: +34 91 532 12 47
F: +34 91 531 26 00

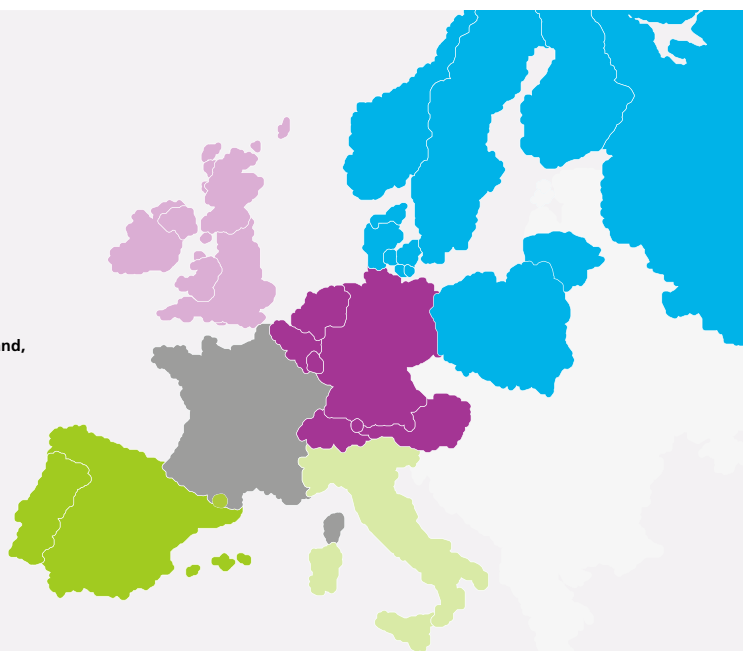
Market Unit South East

Italy

Gross profit: SEK 63 million
Gross Margin SEK 26 million
Internet penetration 2010*: 60%
Internet penetration 2015*: 70%
Population online 2010 (M)*: 35.0
Population online 2015 (M)*: 41.4
Growth internet marketing (excl. search)*: 8.7%

Contact information:

Via Melchiorre Gioia 70
20 125 Milano
Italy
info.it@tradedoubler.com
T: +39 02 671 01054
F: +39 02 673 878 65



*Källa: Magna Global Core Media Advertising Forecast 2011

Cash flow

The improved operating profit contributed to boosting the consolidated cash flow from operating activities before changes in working capital to SEK 116.0 M (91.6). After a change in working capital of SEK 7.6 M (-99.8), the cash flow from operating activities strengthened to SEK 123.6 M (-8.2). The improvement in working capital should be partly seen against the backdrop of the fact that the comparative period was largely affected by a normalisation of cash flows after the completed rights issue. The group also increased its focus on monitoring trade receivables during the year.

Cash flow from investing activities amounted to SEK -55.5 M (-8.7) and was mainly impacted by increased investments in efficiency-enhancing measures in the production and financial system which have been capitalised as intangible assets of SEK -25.8 M (-3.2). The investments shall contribute to strengthening organisational efficiency by automating previously manual operations, streamlining routine tasks and delivering greater stability and transparency in the technology platforms. The item was also affected by a negative non-recurring effect from the sale of the Search operations of SEK -24.4 M, chiefly in the form of divested cash holdings and transaction costs. The negative effect from the cash balance was largely offset by an improvement in working capital on account of the sale.

Cash flow from financing activities amounted to SEK 0.0 M (-199.2). In 2010, loans were amortised after the rights issue which is reflected in the comparative figures.

Cash flow from continuing operating totalled SEK 68.1 M (-216.2). Cash flow from discontinued operations amounted to SEK 3.8 M (2.4). Cash flow for the period amounted to SEK 72.0 M (-213.8).

Financial Position

The group had at the end of 2011 no interest-bearing loans and did not have any credit facilities during the year. The working capital amounted to SEK 149.8 M (66.9) at the end of 2011, an increase of SEK 82.9 M, of which cash and cash equivalents amounted to SEK 290.7 M (209.7). The total assets amounted to SEK 1,436.6 M (1,415.7).

Consolidated equity at the end of 2011 amounted to SEK 580.8 M (516.8). During 2011, shareholders' equity increased by SEK 64.1 M, mainly due to the comprehensive income for the year. The equity/assets ratio strengthened to 40.4 (36.5) per cent.

Research and development

TradeDoubler allocates considerable expenditure and resources in order to retain its leading position within performance-based online marketing. Product development during the year was focused on publishers and their earnings. TradeDoubler invested considerable resources in making it easier for publishers to register in the network and on improving their earning capacity by advertising via banners.

With the One Network strategy, TradeDoubler has improved its offering in the network by consolidating the campaign and affiliate network which is now based on a common generic advertising code. Among other things, the improvement means a greater range of unique products for TradeDoubler's addressable market and better optimisation for publishers who will thereby be able to boost their earning capacity.

The interface for publishers was improved and the process for new publishers to register in the network was simplified. This resulted in a swifter registration process which led to an increase in the number of publishers that go from being interested in registering in the network to actually completing a registration. The new interface offers more relevant and advanced information which helps publishers to boost their earnings and means that the value of TradeDoubler's network increases.

Several new products were launched during 2011 such as geo- and re-targeting, which means that the offering can be targeted towards users within a specific geographical area and to users who visited a certain website or looked at a specific product. TradeDoubler also invests resources in order to be able to better follow user movements between websites, mobile services and physical stores. TradeDoubler also opened its platform to external developers who were also provided with some development tools. The intention of this is to boost the tempo and degree of innovation within product development.

A group was created in 2011 to focus on solutions for mobile devices. Some product development took place in 2011 and further products and solutions directed towards mobile devices will be rolled out during 2012, including tracking of downloads of applications to smartphones.

To facilitate its geographical expansion, TradeDoubler's system has also been adapted for the Latin American market.

Research and development costs amounted to approximately SEK 42.7 M (34.6), corresponding to 6.8 (5.6) per cent of the gross profit. During 2011 TradeDoubler capitalised SEK 15.7 M (1.1) attributable to some of its product development.

Parent Company

The parent company's net sales amounted to SEK 193.6 M (151.6). Revenue primarily consisted of licensing revenue and remuneration from subsidiaries for centrally performed services. The higher net sales are primarily due to increased licensing revenue. Licensing revenues are based on the underlying profitability in subsidiaries in accordance with the group's "transfer pricing" agreement.

Financial income and expenses amounted to SEK -363.5 M (49.4). The parent company's financial income and expenses includes costs for impairment, costs of discontinued operations and income in the form of dividends from group companies. These items adversely affected the parent company's profit before tax by net SEK 370.8 M in total. Costs for impairment of SEK 339 M relates to shares that were converted during the year from an intra-group loan to shares in a subsidiary. The value of these shares has been tested in connection with the sale of the Search operations and an impairment has been made. A loss of SEK 105.1 M also arose during the year by virtue of the sale of the Search operations. The loss is principally related to a reversal of net investments which were reversed over the parent company's comprehensive income.

Profit after tax amounted to SEK -335.3 M (5.8).

The parent company's receivables from group companies amounted to SEK 157.3 M (301.1) at the end of 2011, of which none (none) were non-current. The parent company's liabilities to group companies amounted to SEK 71.1 M (121.9) of which none (none) were non-current. Cash and cash equivalents amounted to SEK 52.2 M (41.9).

Sustainability work

Conducting sustainable business is becoming an increasingly important feature of modern society. Increased global prosperity means that it is becoming more important to find common solutions that meet current needs without jeopardising the possibilities of future generations to meet their needs.

TradeDoubler aims to act responsibly in the countries where the company conducts business and where the company operates in other contexts. The sustainability work is firmly established in the internal policies that govern the operations. TradeDoubler also complies with relevant national and international laws and regulations. TradeDoubler's ambition is to compile and adapt certain policies to create an overall Corporate Social Responsibility policy during 2012.

The company's stakeholders

TradeDoubler operates within the Internet-based economy and through its business model has a large number of stakeholders who influence and are influenced by the company's operations.

TradeDoubler helps companies to improve their online business. This occurs primarily through the advertising network, where TradeDoubler steers the display of adverts to the web sites where they have the best effect. The technology platform registers what activity is generated by the adverts on different websites and can thereby optimise the advert display. TradeDoubler works with about 2,000 advertisers and has about 140,000 publishers or website owners in its advertising network.

TradeDoubler has also a responsibility for the company's employees. With more than 560 employees in 18 European countries it is of great importance that the employees' working conditions and terms of employment comply with national legislation and practice as well as the individual employee's perception of what constitutes a good workplace. See more information regarding employees below.

Other examples of stakeholders in the company's surroundings are its shareholders, suppliers and partners as well as companies, organisations and individuals that live and work in the local communities where TradeDoubler is present.

Social responsibility

TradeDoubler's operations are based to some extent on tracking visitors on various websites for certain period of time. This enables TradeDoubler to charge in relation to performance, i.e. in relation to what result the advert generated for the advertiser. This offers full transparency to both TradeDoubler and the customer.

During 2011, legislation was introduced for use of cookies in the EU countries that gives internet users the possibility of avoiding tracking in the way that occurs today. TradeDoubler's operations are conducted in accordance with these laws.

TradeDoubler does not accept cooperation with partners and suppliers who may be considered ethically or morally dubious, which is clearly evident from the company's agreements and policies. The company is dependent on high quality in its advertising network in order to secure suppliers that meet the customers' expectations and needs. By means of checks and action plans, TradeDoubler works actively to maintain the desired quality in the network.

TradeDoubler contributes to social developments through its business operations. We improve business for our customers and generate revenue for our publishers, which make it possible for them to provide information via Internet. Through the advertising network, we also connect other players between different markets and geographical areas.

Environmental responsibility

TradeDoubler's operations have a limited impact on the environment. The company's ambition is to act as a sustainable company and we make environmentally friendly choices whenever possible. As we conduct operations in a large number of markets, travel is the area where we can improve our environmental impact. In 2011, we carried out investments in order to reduce travel in the company, among other ways through the introduction of a group-wide video conferencing system. The company continually compiles information regarding employees' travel in order to monitor the environmental impact and the efficiency of the business trips undertaken.

Employees

At the end of 2011, TradeDoubler's staff corresponded to 498 (525) full-time equivalents (FTEs), which includes full-time, temporary and contract employees. The discontinuation of Search and the outsourcing of parts of the IT operations reduced the number of FTEs by 59 in December. The average number of FTEs totalled 543 (570).

Of the employees, 58 (61) per cent were men. Of the 14 members of the management group, 1 member was a woman. In the board of directors, three of the seven members were women.

TradeDoubler initiated during 2011 a series of measures to reduce employee turnover, which led to a reduction from 32 per cent during 2010 to 26 per cent during 2011. However, the level is still considered too high and therefore another initiative is planned during 2012 but the level is approaching a desirable long-term level. Some of the more important measures were to reintroduce introductory training for new employees, which is held quarterly at the head office in Stockholm and to introduce a rotation programme which provides opportunities for knowledge transfer between different markets and increased development opportunities for employees. In 2012, the measures will be directed towards training and development. Improving employee commitment and career opportunities are among the group's key priorities.

For the seventh consecutive year, TradeDoubler conducted an employee survey and the results in 2011 were the best ever. The survey shows that a majority of the employees consider that TradeDoubler is "much better" or "a little better" than other companies and would recommend it as an employer. The employees have considerable knowledge about the company's core values.

The share and owners

TradeDoubler was listed on 8 November 2005 and is traded on Mid Cap list for companies on NASDAQ OMX Stockholm. The share is classified as Information Technology. The share capital on 31 December 2011 amounted to SEK 17.1 M distributed among 42,807,449 shares, each one with a quota value of SEK 0.40. All shares carry equal rights to share in the company's assets and profits. Each share carries one vote. At the annual general meeting, each shareholder is entitled to vote for all the shares he/she represents without restriction as to the number of votes.

TradeDoubler's share price fell by 45 per cent during 2011, to SEK 27.30 from SEK 49.50. The highest price recorded during the year was SEK 52.00 and the lowest price was SEK 20.60. The market capitalisation on 31 December 2011 amounted to SEK 1,169 M.

At the end of the year, TradeDoubler had 3,210 shareholders (3,732). The company's largest shareholder was Alecta with 13.0 (14.9) per cent of capital and votes. The five largest shareholders, consisting of financial and institutional players, jointly owned 43.6 (47.2) per cent of the shares. At year-end, Swedish financial and institutional players owned 66.1 per cent (67.6) of the shares and Swedish private individuals owned 4.3 per cent (4.8) of the shares. Foreign ownership increased during 2011 to 29.6 (25.7) per cent. The board of directors and group management jointly owned approx. 0.4 percent (0.3) of votes and capital.

The annual general meeting 2011 resolved that the company management should be offered a long-term incentive programme which may amount to a maximum of 200,000 shares. A total of 130,000 shares, repurchased for a previous performance share programme which expired without any value in 2011, were retained in order to secure the obligation under this new share savings programme.

For more information regarding the share, see TradeDoubler's investor site, financials.tradedoubler.com/en-gb/Investor-Relations/TradeDoubler-share

Dividend policy

TradeDoubler has a policy of distributing at least 50 per cent of the profit after tax, provided that a suitable capital structure is maintained. Distribution may occur through share dividends, share redemption and share buyback.

The dividend that the board and CEO propose for 2011 corresponds to approx. 70 per cent of profit after tax (before profit after tax from divested operations). No such distribution took place in 2010.

Outlook

The market for online marketing is a growth market which in 2011 was characterised by rising demand, particularly in Northern Europe. At the same time, the competition continued to be intense, particularly in more mature markets and the rate of change was high. Social media and advertising via mobile phones are examples of areas which are creating new opportunities and challenges for players in this market. TradeDoubler is considered to have retained its market-leading position in Europe within performance-based online marketing.

During 2011, the European market for Internet advertising is estimated to have grown by 14.8 per cent, which exceeds GNP growth. Despite this growth, the Internet is expected to continue to be under-utilised as an advertising medium in comparison to other marketing channels. The current growth rate for Internet advertising is therefore expected to be maintained during 2012 and 2013 with growth numbers around ten per cent. TradeDoubler's goal is to grow faster than the market and to grow with profitability.

Events after the balance sheet date

In March 2012 TradeDoubler announced that Erik Skånsberg will leave his position as CFO in TradeDoubler. He will stay in the company until August 2012.

Proposed distribution of earnings

At the disposal of the Annual general Meeting of the parent company:	SEK
Share premium reserve	352,540,285
Retained earnings	150,880,660
Net profit for the year	-335,368,567
Total non-restricted equity	168,052,378

The board of directors and CEO propose to declare an ordinary dividend of SEK 1.00 per share and an extra dividend of SEK 0.50 per share, which gives a total dividend of SEK 1.50 per share. Adjusted for 130,000 shares in own custody, the dividend will utilise SEK 64,211,174. It is proposed that the remaining profit of SEK 103,841,204 be carried forward.

Risks and uncertainty factors

TradeDoubler's operations are subject to risks like all business activities. Managing risks well can create opportunities and value for the group whereas less successful risk management can cause losses.

Identifying and managing risks is a central component in the governance and control of TradeDoubler's business and is incorporated in all parts of the operations. In addition to the ongoing work of identifying and managing risks in the group there is also a thorough annual review in conjunction with the strategic overview. Risks are continuously reported to the board and company management. Through clear processes and routines, the company's goal is to take advantage of the opportunities presented in a rapidly changing market, while at the same time, minimising the risk for damage and losses.

TradeDoubler distinguishes between market-related risks, operating risks, financial risks and legal risks. The most significant risks affecting TradeDoubler's operations are described in this section.

Market-related risks

The impact of market conditions on demand

TradeDoubler's market may be divided into the e-commerce market and the market for Internet advertising. During an economic cycle, TradeDoubler sees that the e-commerce market has a stable positive trend which

is driven by the shift to increased trade on the Internet. The Internet advertising market is more volatile and is affected to a greater extent by market conditions in the same way as other advertising media. Generally less mature markets have a larger share of campaign advertising which is more volatile but in return has higher margins. A more mature market has a relatively higher proportion of affiliate- or performance based marketing which leads to a more stable positive development but with lower margins. Since Internet maturity and behaviour differ between various geographical markets, the company's product mix and each market are affected very differently by the macroeconomic trend in the respective region.

The macroeconomic situation has been challenging in several of the company's major markets during the year. This has meant that a relatively large share of the company's sales have come from larger customers and the Northern European markets, which resulted in a weaker gross margin.

The trend is still that advertisers to a greater extent are choosing the Internet over traditional media, which in conjunction with TradeDoubler's performance-based business model, is counterbalancing negative macroeconomic trends. TradeDoubler strives actively to achieve a balance between mature and less mature markets in order to maintain an appropriate risk level.

Competition and price pressure

The market for internet advertising and related services is subject to intense competition with increasing price pressure, especially in a more mature market such as the UK. Large and popular websites have employees who work with direct sales of significant proprietary advertising space, which influences pricing of Internet advertising in several of TradeDoubler's markets.

There is a future risk for the emergence of more automated intermediaries in parts of TradeDoubler's service offering. A more automated market would mean that TradeDoubler's provision of services would come under price pressure. In the first instance, this would affect services which have low requirements in respect of tracking possibilities.

TradeDoubler is investing considerable resources in research and development in order to maintain an attractive technology platform for advertisers and publishers. TradeDoubler also continually reviews its offering to advertisers and publishers in order to maintain a competitive offering.

Technical development

Internet advertising is a very technology-intensive sector that is characterised by a high degree of innovation and rapid movability towards new products that improve conditions for parties in the market. New functionalities and technical tools are being constantly developed, both by TradeDoubler and by its competitors. TradeDoubler's ability to consider or create technological changes and make money from them is fundamental to the future earning capacity of the group.

Technological progress or innovation can also radically alter conditions for companies active in the sector, or materially change the competitive situation.

TradeDoubler works continually on monitoring the group's local environment, to capture international trends and analyse needs in the market in order to be able to also offer an attractive service range in the future. Combined with the resources invested in research and development, this provides the group with a good platform for participating in technological developments in the market.

Changes in the value of goodwill

TradeDoubler has a significant goodwill item after a previous acquisition in the UK. During 2001, this goodwill item was re-allocated according to the new reporting structure consisting of seven cash-generating units. The goodwill was allocated to the six market units within Network and Technology. The goodwill is tested for impairment at least on an annual basis. It cannot be ruled out that a future test in respect of a permanent decline in goodwill – an impairment test – would lead to a further impairment need.

Operational risk

Behavioural patterns on the Internet

TradeDoubler is dependent on people's use of and behaviour on the Internet. Should present behavioural patterns change or Internet use decrease for some reason, e.g. so that users are prevented from reaching websites displaying adverts, this may affect TradeDoubler. There is also an underlying risk that dominant players will steer the users' behavioural patterns for their own benefit in which case TradeDoubler may be adversely affected.

Key people

The development of Internet advertising imposes increasingly strict demands on the skills of employees. This, in conjunction with the fact that knowledge of local conditions in 18 markets is one of TradeDoubler's main competitive advantages, means that TradeDoubler is totally dependent on being able to attract and retain skilled personnel, both managers as well as other key people.

Through a number of measures, TradeDoubler reduced employee turnover from 32 to 26 per cent during the year with a strong decrease during the second half of the year. TradeDoubler will continue with these activities in order to further reduce employee turnover to an appropriate level.

Computer and communication systems

TradeDoubler's business operations are dependent on computer and communications systems which function effectively and without disruptions. A breakdown or fault in public communications or in internal systems may complicate or render TradeDoubler's operations impossible. All systems are vulnerable, e.g. to computer virus attacks or other external impacts on infrastructure.

Notwithstanding the precautionary measures taken by TradeDoubler, unlawful acts from a third party, natural disasters or other unforeseen events can result in information at TradeDoubler, or at third parties, not being registered, being destroyed or lost.

During the year, TradeDoubler outsourced management of the IT environment. The IT environment will be migrated during 2012 and in the course of this work steps will be taken to reduce the risk of disruptions in the computer and communications systems.

Internal governance and control

TradeDoubler is working to strengthen the internal governance and control of the company's operations and processes, including the financial reporting and the IT security connected to that. During the year, the work continued on several of the projects initiated during 2010 such as the project to introduce a new invoicing system and a new CRM system. These systems are part of the execution of the company's strategy and are expected to improve the efficiency and strengthen the internal control of the invoicing process considerably. During the year, the company also procured a number of systems and worked actively to improve the internal control in existing systems, processes and controls in order to deliver asset-creating growth to shareholders and

boost the scalability of TradeDoubler's offering. Even if successes are continually achieved, work still remains to be done before the internal control and risk management in respect of the company's financial reporting reaches the level desired by the board.

During 2012, the company will continue the work on strengthening the internal control and risk management in respect of the financial reporting in the group's companies and processes. The work will focus, first and foremost, on continued improvement and documentation of the financial processes and the control structures in these and on completing certain ongoing project. This work is described in the section "The Board's report on internal control and risk management".

Financial risk

Foreign exchange risk

Foreign exchange risks refer to the risk that changes in exchange rates may affect the consolidated income statement, balance sheet and cash flow statement. Foreign exchange risks exist in the form of transaction risk and translation risk. TradeDoubler is exposed to foreign exchange risk in 18 countries involving ten different currencies, with Euro (EUR) and British pounds (GBP) representing the majority share.

In 2011, approximately 49 (50) per cent of the group's sales were made in EUR and approximately 33 (34) per cent in GBP. In 2011, approximately 36 (32) per cent of the group's costs were in EUR and approximately 18 (23) per cent in GBP.

Transaction risk

Exposure attributable to exchange rate fluctuations in client and supplier invoices is limited since invoicing to customers and from suppliers largely occurs in local currency for all companies in the group.

TradeDoubler is also exposed to foreign exchange risk in the parent company's intra-group lending to subsidiaries which takes place in the subsidiary's currency, as well as deposits from subsidiaries of excess liquidity. Exchange rate differences due to deposits and lending from subsidiaries are recognised in the income statement. With the sale of the Search operations, the group has no items that are recognised as "increased (reduced) investments in subsidiaries".

Intra-group lending and deposits are not hedged.

Translation risk

Changes in foreign exchange rates impact the group's earnings on translation of the income statements of foreign subsidiaries to the group's presentation currency, SEK.

In connection with translation of the group's investments in foreign subsidiaries to the group's presentation currency, SEK, translation exposure arises which is recognised as a component of "other comprehensive income" (outside the income statement).

In the event of a weakening of the group's underlying currencies of 10 per cent, this would affect the company's profit before tax negatively by approx. SEK 6 M, of which SEK 4 M arises from the subsidiaries in Euro-countries, SEK 1 M relates to the UK subsidiary and SEK 1 M to other foreign subsidiaries. If the company's underlying currencies weakened by 10 per cent at the end of the reporting period, it would weaken the consolidated equity by approx. SEK 11 M, of which SEK 8 M arises from the subsidiaries in Euro-countries, SEK 1 M relates to the UK subsidiary and SEK 2 M to other foreign subsidiaries in the group.

The group's net investments in foreign currency primarily involve EUR and GBP. Net investments in foreign currency are not currently hedged.

Customer credit risk

The group is exposed to credit risks, which arise primarily in connection with trade receivables. The number of customers with financial difficulties increases during a recession. TradeDoubler is thus subject to increased customer credit risk during a recession.

The group has established a credit policy that determines how clients are managed, with decision-making levels set for various credit limits. New clients are subjected to credit rating reports through credit information companies, and the outcome provides the basis for credit and payment terms and conditions for each client. TradeDoubler's business model is based on advance payment from customers. When deviations from the advance payment policy are made, the company's credit policy serves as the basis for decision. The company continues to see very low customer losses in the business.

TradeDoubler has not noticed increased customer losses in any geographical area. However, the group management is monitoring the situation actively, particularly as regards Southern Europe. No specific risk concentration exists for any customer category.

Interest risk

Interest risk refers to the risk that changes in market interest rates may affect the consolidated income statement and cash flow or the fair value of financial assets and liabilities. A significant factor affecting the interest risk is the fixed interest term. The group's interest rate exposure is managed centrally, which means that the finance function is responsible for identifying and managing this exposure.

In 2011, no interesting-bearing borrowing took place. Some interest risk remains due to financial investments but it is considered insignificant in relation to the group's financial position.

Liquidity risk

TradeDoubler works actively in order to minimise the group's liquidity risks by not taking any risks in the cash flow. In most cases, a publisher is only paid when the customer has paid the invoice to TradeDoubler. TradeDoubler limits the liquidity risk in this way. Credit ratings are performed on all new clients and TradeDoubler normally requires advance payments from clients for whom adequate financial information is not available.

TradeDoubler also has counterparty risk related to the liquidity risks which are principally related to banks in existing markets. The prevailing uncertainty in Southern Europe is affecting a number of the banks that the group is working with. The group management continually monitors the risk level of the banks concerned and worked actively in 2011 to minimise the exposure to the banks that are considered risky. TradeDoubler took further steps in early 2012 to limit the counterparty risk by reducing the number of banks that the group works with and by centralising liquidity to the parent company. This work will be completed during the year.

Legal risks

Taxes

TradeDoubler conducts its operations via companies in several countries. The operations, including transactions between group companies, are conducted in accordance with applicable tax laws, tax treaties and other

provisions in the relevant countries. However, it cannot be ruled out that TradeDoubler's interpretation of applicable law does not conform to what a court or authority may determine in the future, or that prevailing rules are altered, possibly with retroactive effect. Future rulings or decisions may cause TradeDoubler's tax situation to change negatively.

Disputes and intellectual property rights

From time to time, TradeDoubler is involved in disputes in the course of its normal business operations. There are few disputes in relation to the scale of the operations. Disputes that arise typically concern small amounts.

TradeDoubler is particularly exposed to disputes regarding intellectual property rights. The operations are totally dependent on the technical platform which is largely internally developed and protected by copyright and trade secrets legislation. Open sources codes are used in the systems. TradeDoubler risks being subject to both infringement and assertions of infringement.

In addition, the business means that TradeDoubler handles large volumes of trademarks and other protected intellectual property on behalf of advertisers. Minor disputes and claims continually arise on account of this.

Another primary category for potential disputes is different types of Internet fraud or similar acts by publishers, deficient quality in the traffic supplied to advertisers or other alleged deficiencies in TradeDoubler's services.

New legislation

TradeDoubler's operations are conducted in a large number of geographical markets, principally within the EU, which means that the group is exposed to a large number of legal systems. An example of local legislation that makes it more difficult for the group is a regulation in Belgium which requires publishers within the travel sector to have a special licence. The licence imposes strict demands that most of TradeDoubler's publishers in Belgium cannot meet. At present, local legislation is not considered to give rise to any material impact on the group's financial reports. However, it cannot be ruled out that future legislation in existing and new markets will affect the group negatively.

In addition, the Internet is a comparatively new sector and a significant increase in the rate of regulation is taking place, particularly in matters relating to personal integrity.

TradeDoubler works with trade associations in order to influence legislation, locally and within the EU, which can affect the group negatively.

The EU adopted a directive on privacy and electronic communications (2002/58/EG) at the end of 2009 which depending on how it is implemented may have negative consequences for how tracking on the Internet may be carried out, and thus for parts of TradeDoubler's operations. However, the consequences of the implemented legislation are difficult to grasp as there are many different possible interpretations.

In early 2012, the EU Commission presented its proposal for a radical reform of the EU's rules regarding protection of personal data. One of the most important changes is the principle of "the right to be forgotten" which shall be a guarantee for all EU citizens, i.e. when there is no longer reason to store data it should be destroyed. Depending on how the proposal is implemented, it may have negative consequences for how tracking on Internet may be conducted and thus for parts of TradeDoubler's operations.

TradeDoubler's Corporate Governance

TradeDoubler is a Swedish public limited liability company domiciled in Stockholm. TradeDoubler's share has been quoted on NASDAQ OMX Stockholm since 8 November 2005.

The corporate governance in TradeDoubler is primarily exercised by the shareholders at the annual general meeting, the board of directors, the CEO and the group management.

The external control instruments which make up the corporate governance framework within TradeDoubler include the Swedish Companies Act, the Swedish Annual Account Act, NASDAQ OMX Stockholm's rules and regulations, statements of the Swedish Securities Council, the Swedish Code of Corporate Governance ("the Code") as well as other relevant laws and regulations. The internal control instruments include the articles of association adopted by the general meeting, the formal work plan for the board of directors, the CEO's instructions and instructions regarding the financial reporting to the board.

The Code is based on the principle "comply or explain" which means that a company which applies the Code may depart from individual rules in particular cases if it would be considered to result in better corporate governance. This report has been reviewed by the company's auditor.

General meeting of shareholders

The Annual General Meeting is TradeDoubler's highest decision-making body in which the shareholders exercise their rights to decide on the affairs of the company. Each share carries one vote and there are no limitations as regards how many votes each shareholder may cast at a general meeting of shareholders. Shareholders are informed via the home page of their entitlement to have an item addressed at the annual general meeting.

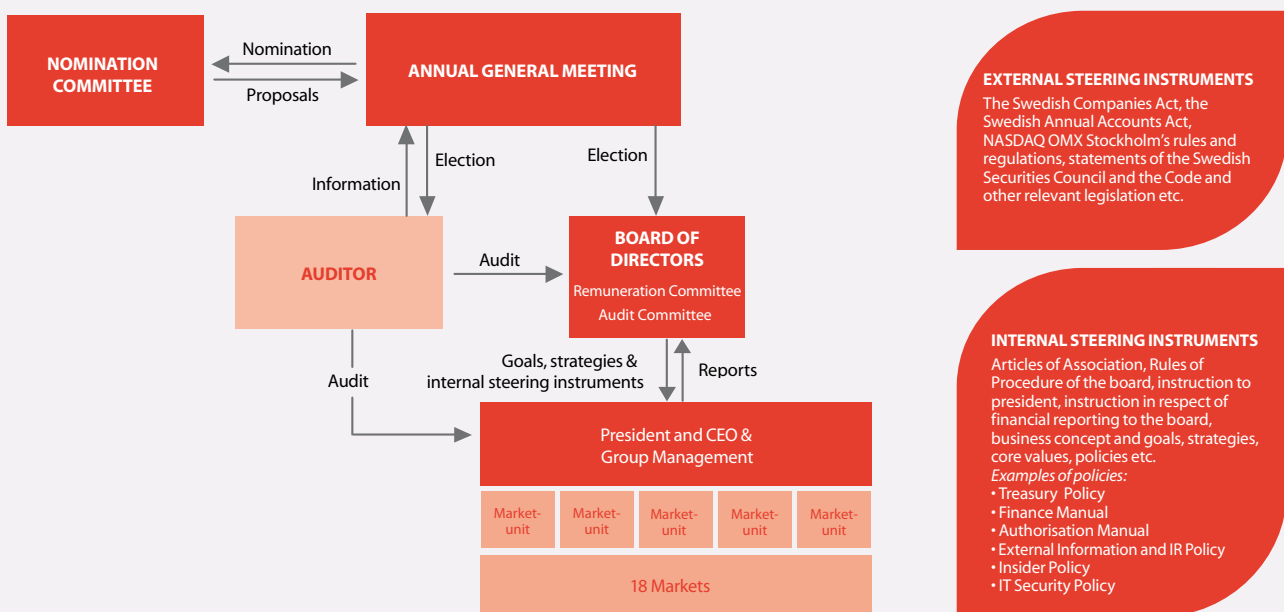
Notices convening annual general meetings where the annual accounts shall be presented and extraordinary general meetings where questions relating to amendment of the articles of association shall be dealt with, must be sent out not earlier than six and not later than four weeks prior to the meeting. Notices convening other extraordinary general meetings shall be issued not earlier than six weeks and not later than three weeks prior to the meeting. Notices convening TradeDoubler's general meetings of shareholders shall take place through advertisement in Swedish Official Gazette and on the website. It shall also be announced in Dagens Industri that notice has been given.

Shareholders who are registered in the share register on the record day, five weekdays days prior to the date of the annual general meeting and who have provided notification of their intention to attend in accordance with what is stated in the convening notice, are entitled to participate in the annual general meeting, either in person or by proxy.

By law, the annual general meeting must be held within six months of the end of the financial year. The obligatory duties of the annual general meeting include resolving on adoption of the income statement and balance sheet for the parent company and the consolidated income statement and consolidated balance sheet, to resolve on appropriation of the company's profit or loss according to the adopted balance sheet, resolve on discharge from liability for the members of the board and the CEO as well as to adopt principles of remuneration for the senior executives. The general meeting of shareholders is the organ that decides on possible changes in the company's articles of association, which is the most fundamental control instrument.

Among other things, the annual general meeting shall elect board members until the end of the next annual general meeting, the chairman of the board until the end of the next annual general meeting, and where

Corporate governance in TradeDoubler



Composition, independence and remuneration of the Board 2011

Name	Born	Nationality	Elected	The Board of directors	The Audit Committee	The Remuneration Committee	Independent in relation to the company, the company management and the Company's major shareholders*	Fee in SEK (incl. committee work)**	Own or related party shareholding***
Mats Sundström	1955	Swedish	2009	Chairman	Member	Member	Yes	650,000 + 50,000 + 25,000	31,000
Kristofer Arwin	1970	Swedish	2007	Member	-	-	Yes	300,000	31,150
Martin Henricson	1961	Swedish	2001	Member	-	Member	No	300,000 + 25,000	15,000
Martina King	1961	Brittish	2010	Member	-	-	Yes	300,000	1,700
Caroline Sundewall	1958	Swedish	2009	Member	Chairman	-	Yes	300,000 + 100,000	2,000
Simon Turner	1951	Brittish	2010	Member	-	-	Yes	300,000	-
Heléne Vibbles Bergquist	1958	Swedish	2009	Member	Member	Chairman	Yes	300,000 + 50,000 + 50,000	3,000
TOTAL								2,750,000	83,850

* The nomination committee considers that Martin Henricson in respect to his previous assignment of President and CEO of the company is dependant in relation to the company and the company management but independent to the company's largest shareholders. Other members of the Board of Directors are considered independent in relation to the company, the company management and the company's largest shareholders. The proposed composition of the Board of Directors is therefore in compliance with the demands of an independent Board of Directors.

** The annual general meeting 2011 adopted the nomination committee's proposal regarding directors' fees corresponding to SEK 650,000 for the chairman of the board and SEK 300,000 to each of the other board members elected by the general meet-

ing. SEK 100,000 is payable to the chairman of the audit committee and SEK 50,000 to each of the other members of the audit committee. SEK 50,000 is payable to the chairman of the remuneration committee and SEK 25,000 to each of the other members of the remuneration committee. The amount of compensation relates to the period May 5, 2011 to May 8, 2012.

*** Holdings of shares or other equal financial instruments by private or related persons or legal entities in TradeDoubler according to the latest available information to TradeDoubler.

appropriate, auditors. The annual general meeting shall also pass resolutions regarding fees for directors and auditors, possible share-related and share-price related incentive programmes to the company management as well as appointment of the nomination committee.

Nomination Committee

The company should have a nomination committee according to the Code. TradeDoubler's annual general meeting passes resolutions regarding a nomination committee before the next annual general meeting. The principal duty of the nomination committee is to prepare proposals to be submitted to the annual general meeting for resolution regarding:

- election of chairman at the annual general meeting
- election of board members
- election of the chairman of the board
- election of auditor, where appropriate
- fees and other remuneration for directorships to each one of the board members and remuneration for committee work
- fees to auditor
- appointment of nomination committee

The nomination committee's proposals shall be announced in conjunction with the notice convening the annual general meeting. The nomination committee presents its proposals and a report on its work at the annual general meeting. All shareholders are entitled to submit proposals for board members to the nomination committee. The nomination committee shall consist of four members and be composed of one representative of each of the three largest shareholders in terms of the number of votes, as of the last banking day in August, who wish to appoint such a representative, as well as the chairman of the board.

The members of the nomination committee receive no remuneration from TradeDoubler. However, the chairman of the board receives remuneration from TradeDoubler in the form of ordinary directors' fees. The nomination committee's composition is announced as soon as its members are appointed, however, not later than six months before the annual general meeting. If, over the course of the mandate period, the relationship among the three largest shareholders changes in terms of the number of votes, the member of the nomination committee concerned shall place his

or her position on the committee at the disposal of the shareholder that has assumed a place among the three largest shareholders in terms of the number of votes. Changes in the composition of the nomination committee shall be announced as soon as such an event occurs.

Board of Directors

The Board of Director's composition and independence

According to TradeDoubler's articles of association, the board shall be composed of between five and nine members. The CEO is not a member of the board, but attends board meetings. Other white-collar employees from TradeDoubler participate in board meetings when required, for instance to present reports. At most meetings, the board conducts discussions where neither the CEO nor any other employee of the company is present. The company's legal counsel serves as the secretary to the board.

The Code stipulates that the majority of the board members elected by the annual general meeting must be independent in relation to the company and the company management, and that at least two of the members must be independent in relation to the company's major shareholders.

The Board of Directors' responsibility and work

TradeDoubler's board is responsible under the Swedish Companies Act for the company's organisation and the administration of the company's affairs. The board shall continually assess the financial situation of the company and the group and ensure that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs in other respects are controlled in a secure manner.

According to the Code, the duties of the board include:

- setting operational goals and strategies,
- appointing, evaluating and when required dismissing the CEO,
- ensuring that effective systems for follow up and control of the company's operations exist,
- ensuring that there is satisfactory control of the company's compliance with laws and other regulations applicable to the company's operations,
- ensuring that requisite ethical guidelines are established for the company's conduct and
- ensuring that the company's information disclosure is characterised by openness and is accurate, relevant and reliable.

Attendance at board and committee meetings and independence 2011

Name	Board of directors	Attendance, Board meetings	The Audit committee	Attendance, Audit Committee	The Remuneration Committee	Attendance, Remuneration Committee	Independent in relation to the Company, Company management and the Company's major shareholders
Mats Sundström	Chairman	16/16	Member	8/8	Member	12/12	Yes
Kristofer Arwin	Member	16/16	-	-	-	-	Yes
Martin Henricson	Member	16/16	-	-	Member	12/12	No
Martina King	Member	16/16	-	-	-	-	Yes
Caroline Sundewall	Member	16/16	Chairman	8/8	-	-	Yes
Simon Turner	Member	16/16	-	-	-	-	Yes
Heléne Vibbleus Bergquist	Member	16/16	Member	8/8	Chairman	12/12	Yes

The work of the board is guided by a formal work plan that is adopted each year, usually at the statutory board meeting. The formal work plan sets out the responsibilities of the board and regulates the board, its committees and its members' internal division of work, the decision-making order within the board, notifications of board meetings, agendas and minutes, and the board's work on internal control, risk management and the financial reporting.

According to the formal work plan, the board shall hold at least five ordinary meetings annually. A statutory meeting shall be held after the annual general meeting and four ordinary meetings shall be held in connection with the release of interim reports and the year-end report. In addition to this, the board meets in order to determine the group's strategies and goals and to adopt the group's budget and business plan for the next year.

The board's responsibility also includes deciding on acquisitions and disposals of companies and operations, deciding on major investments, deciding on loans, guarantees and providing guarantees, deciding on appointment of the chief executive officer, deciding on guidelines for remuneration and other conditions of employment for senior executives to be adopted by the annual general meeting, and continuous follow up of the operations during the year.

The company's auditor participates in at least one board meeting annually. The formal work plan stipulates that an annual evaluation of the board's work should be carried out. This shall take the form of a systematic and structured process, the results of which shall be presented to the nomination committee. The board also assesses the CEO's work in accordance with the instruction to the CEO at least once a year.

The formal work plan was adopted at the board meeting on 5 May 2011.

Chairman of the Board

According to the Code, the chairman of the board must ensure that the board work is conducted effectively and that the board fulfils its duties. In particular, the chairman shall:

- organise and lead the work of the board,
- ensure that new board members undergo requisite introductory training and the training in other respects that the chairman and the member collectively find suitable,
- ensure that the board continually updates and advances its knowledge about the company,
- responsible for contacts with the owners regarding ownership questions and for communicating viewpoints from the owners to the board,
- ensure that the board receives adequate information and decision data for its work,
- in consultation with the CEO, adopt proposals for the agenda of board meetings,
- ensure that the board's decisions are executed and
- ensure that the board's work is evaluated annually.

The Board's committees

According to the Swedish Companies Act, the board in a limited company whose negotiable securities are traded on a regulated market should have an audit committee whose members may not be employed by the company. In addition, at least one member shall be independent and have accounting and auditing competence. According to the Code, the audit committee shall be composed of at least three board members. Furthermore, the majority of the committee's members should be independent in relation to the company and the company management, and at least one of the members should be independent in relation to the company's major shareholders.

Under the Code, the board should also establish a remuneration committee whose members shall be independent in relation to the company and the company management.

Audit committee

The board has appointed an audit committee which is composed of three board members, of which one is chairman. According to the formal work plan of the board the audit committee shall:

- monitor the company's financial reporting,
- with regard to the financial reporting, monitor the effectiveness of the company's internal control and risk management,
- continuously meet the company's auditor and keep informed about the audit of the annual accounts and consolidated accounts and discuss the coordination between the external audit and the internal control function and the view of the company's risks,
- review and monitor the auditor's impartiality and independence and in this connection pay special attention if the auditor supplies other services to the company apart from audit services,
- adopt guidelines for which services other than audit that the company may procure from the company's auditor,
- evaluate the auditing work and assist the nomination committee with the preparation of proposals for the general meeting's resolution on election of auditor and
- deal with other questions that the board may entrust to the audit committee to prepare or determine.

As part of the supervision of the company's financial reporting, the audit committee shall ensure that established principles for the financial reporting and the internal control are followed and that the company's financial reporting is prepared in accordance with laws, applicable accounting standards and other requirements on listed companies.

The audit committee shall hold at least four meetings annually. When considered appropriate, the audit committee may invite the CEO, the company's CFO, the company's auditor or others to participate in the committee's meetings. The company's legal counsel serves as the secretary to the audit committee. Minutes are taken of the audit committee's meetings and a copy of the minutes is sent to all board members.

Remuneration Committee

The board has also appointed a remuneration committee which is composed of three board members, of which one is chairman. According to the formal work plan of the board, the remuneration committee shall:

- prepare resolutions for the board in questions relating to remuneration principles, remuneration and other terms of employment for the company management,
- follow and evaluate ongoing programmes and programmes which finished during the year for variable remuneration, both for the company management and other employees,
- give the board proposals for guidelines for remuneration to senior executives to be adopted by the annual general meeting,
- follow and evaluate the application of the guidelines for remuneration to senior executives adopted by the annual general meeting as well as current remuneration structures and rates of compensation in the company,
- provide the board with proposals regarding remuneration and other terms of employment for the CEO,
- determine terms of remuneration and employment for the company management, apart from the CEO,
- prepare the board's report on programmes for variable remuneration to senior executives and for all outstanding share-related and share-price related incentive programmes and prepare the board's report of the result of the evaluation that took place according to item 10.3 of the Code,
- support the board generally in monitoring compliance with applicable legislation, NASDAQ OMX Stockholm's regulatory framework and the Code regarding information about terms of remuneration and other conditions of employment for the CEO and the rest of the company management, and
- deal with other questions that the board may entrust to the remuneration committee to prepare or determine.

The remuneration committee shall hold meetings when necessary. When considered appropriate, the remuneration committee may invite the CEO, the company's CFO, the company's auditor or others to participate in the committee's meetings. The company's HR director serves as the secretary to the remuneration committee.

Minutes are taken of the remuneration committee's meetings and a copy of the minutes is sent to all board members.

Chief Executive Officer and Group Management

Under the Swedish Companies Act, TradeDoubler's chief executive officer is responsible for the day-to-day management of the company's affairs pursuant to the board's guidelines and directives.

The board has approved an instruction for the CEO which sets out the CEO's responsibilities and authority. According to the instruction, the CEO shall provide the board with decision data to make well-reasoned decisions and with documentation in order to continually monitor the operations during the year.

The current instruction was adopted at the board meeting on 5 May 2011. The President and CEO leads the day-to-day operations and is assisted by a group management (company management). The group management in 2011 consisted of 14 persons; the CEO, the company's CFO, CCO, the head of the six market units, the heads of Technology and Search, the CTO, CIO and the Strategy and Operational Excellence Program Leader.

Changes occurred in the composition of the group management during the year. For more information about these changes, see page 22 regarding Chief Executive Officer and Group Management.

Auditor

Under the Swedish Companies Act, the auditor elected by the general meeting shall review the annual accounts, the consolidated accounts and accounting records as well as the administration of the board of directors and the CEO. In addition, the auditor shall also review the corporate governance report. The auditor also performs a review of one interim report annually on behalf of the board. The auditor reports the result of his work to the annual general meeting through his auditor's report. The auditor participates in meetings of the audit committee and in at least one board meeting each year to discuss the focus and scope of the audit as well as the outcome of the audit.

The company's current auditor was elected at the annual general meeting 2009 for the period until the annual general meeting 2013. After that the company's auditor, in accordance with the new rules regarding the auditor's term, will be elected at the annual general meeting for a term of one year.

Corporate governance 2011

Deviation from the code

The company has made one deviation from the Code during 2011.

The Code states that all of the members of the remuneration committee must be independent of the company and the company management. Martin Henricson is a member of the company's remuneration committee and is not considered to be independent of the company and the company management. Therefore there is a deviation from the Code, which is justified since the composition of the remuneration committee is to the interest and benefit of the company and the shareholders of the company.

Shareholders

TradeDoubler's share has been quoted on NASDAQ OMX Stockholm since 8 November 2005 and is traded on the list for Mid-Cap companies. The share capital amounted to SEK 17.1 M as at 31 December 2011, distributed among 42,807,449 shares, each one with a quota value of SEK 0.40 kronor. Each share carries one vote. Each share carries one vote and there are no limitations as regards how many votes each shareholder may cast at a general meeting of shareholders. The number of shareholders was 3,210 at year-end, distributed according to the adjacent graphs.

Alecta and SEB Fonder are the only shareholders whose holding exceeds 10 per cent.

The Nomination Committee

The composition of the nomination committee ahead of the annual general meeting 2012 was announced on 19 October 2011.

An internal evaluation of the board and its work was carried out during the year. The nomination committee held individual meetings with all board members.

The nomination committee's proposals for board members, fees and other remuneration etc. are presented in the notice convening the annual general meeting 2012 and are also available on the company's home page, www.tradedoubler.com.

The Nomination Committee 2012

Name	Representing	Shareholding */**
Ramsey Brufer	Alecta	13.0 % / 13.0 %
Per Trygg	SEB Fonder	11.4 % / 13.2 %
Annika Andersson	Fjärde AP-finden	9.1% / 9.1 %
Mats Sundström	Chairman of the Board of Directors	

* Source: Euroclear Sweden, as at December 30, 2011

** Source: Euroclear Sweden, as at August 31, 2011

Annual General Meeting 2011

The annual general meeting was held on 5 May 2011 in Stockholm. 57.84 per cent of the shares were represented at the meeting. All board members proposed for re-election or election attended as well as the CEO. The Annual General Meeting passed the following resolutions, among others:

- to adopt the income statements and balance sheets for the company and the group,
- not to declare any dividend for 2010 in accordance with the board's proposal,
- to grant the board and the CEO discharge from liability for the financial year 2010 in accordance with the recommendation of the auditor,
- to re-elect the board members Kristofer Arwin, Martin Henricson, Martina King, Caroline Sundewall, Mats Sundström, Simon Turner and Heléne Vibbleus Bergquist,
- to re-elect Mats Sundström as chairman of the board,
- to determine remuneration to the board and auditor, see further below under Remuneration to the board of directors, CEO and company management,
- to adopt the board's proposal for guidelines for remuneration to senior executives, and
- to adopt the board's proposal on introduction of a long-term Performance-based Share programme 2011.

Board of Directors

The Board of Director's composition and independence

Since the annual general meeting 2011, TradeDoublers' board of directors has been composed of seven members, Mats Sundström (chairman), Kristofer Arwin, Martin Henricson, Martina King, Caroline Sundewall, Simon Turner and Heléne Vibbleus Bergquist.

The nomination committee considers according to the information contained in the table "Composition, and independence and remuneration of the Board 2011" that Martin Henricson in his capacity as former CEO of the company is dependent in relation to both the company and the company management but independent to the company's largest shareholders, the nomination committee furthermore considers that the other board members are independent in relation to the company and the company management and in relation to the company's largest shareholders.

The work of the Board

The board held 16 recorded board meetings during 2011, of which seven took place by telephone and two were held per capsulam. The individual members' attendance at board and committee meetings is shown in the table on page 20 "Attendance at board and committee meetings and independence 2011".

The board's work during the year focused mainly on:

- The strategy of the company and the group
- Review and follow up of the operations with visits to market units including meetings with customers
- The group's results
- Cost control

- Personnel-related questions
- Financial reporting, risk management and internal control
- Budget and business plan for 2012
- Sale of the Search operations

Audit committee

The Audit Committee's composition and independence

The audit committee during 2011 was composed of Caroline Sundewall, chairman, Mats Sundström and Heléne Vibbleus Bergquist.

All members of the audit committee are considered to be independent in relation to the company and the company management and the company's major shareholders.

The work of the audit committee

The committee held eight recorded meetings during 2011. The work initiated in 2009 on strengthening the internal control and risk management in respect of the financial reporting and on enhancing the quality of the financial reporting, has continued. For more information about the internal control and risk management, see page 26.

Remuneration Committee

The Remuneration Committee's composition and independence

The remuneration committee during 2011 was composed of Heléne Vibbleus Bergquist, chairman, Martin Henricson and Mats Sundström.

All members of the remuneration committee, except Martin Henricson, are considered to be independent in relation to the company and the company management and the company's major shareholders.

The work of the remuneration committee

The committee held twelve recorded meetings during 2011. Above all, the work has focused on follow up of the application of guidelines for remuneration to senior executives adopted by the annual general meeting 2011, follow up of the outcome of programmes for variable remuneration for 2011 and long-term incentive programmes, programmes for variable remuneration which are revised for 2012, future long-term incentive programme, preparation of resolutions on terms of remuneration and other conditions of employment for the CEO, approval of terms of remuneration and employment for other members of the company management, and follow up of the staff "Employee Satisfaction Survey".

Chief Executive Officer and Group Management

The President & CEO, Urban Gillström, leads the day-to-day operations in accordance with the board's guidelines and directives and is assisted by a group management (company management) which during 2011 was composed of 14 persons, the CEO, the company's CFO, CCO, the head of the six market units, the heads of Technology and Search, the CTO, CIO and the Strategy and the Operational Excellence Programme Leader.

Elaine Safier joined TradeDoublers in February 2011 as director of sales and marketing (CCO). Leif Eliasson took over as head of the North East market unit in February 2011. Rob Wilson took over as head of the North West market unit in May and Falk von Westarp took over as head of the Central market unit in July 2011.

At the end of 2011, the head of Search, Chris Simpson resigned from TradeDoublers, when the operations were sold to NetBooster. The group management thus consisted of 13 persons at 31st of December, 2011. During the year, Gavin Ailes (acting head of the North West market unit) and Torben Heiman (acting head of the Central market unit) resigned from their interim positions. Due to the outsourcing of part of the company's IT department, Mats Rosberg will leave the group management in early 2012.

The group management is presented on page 29.

Auditor

Ernst & Young AB was elected as auditor at the annual general meeting 2009 for the period until the annual general meeting 2013, with the authorised public accountant Thomas Forslund as auditor-in-charge.

During 2011, the auditor reviewed the annual accounts, the consolidated accounts and accounting records as well as the administration of the board of directors and the CEO. In addition, the auditor has reviewed the corporate governance report. The auditor has also reviewed the interim report for the period January-September 2011 and has been retained for certain advice, most of which pertained to audit-related consultations regarding accounting matters and tax advice.

For information regarding remuneration to TradeDoublers' auditors during 2011, see the table below and notes to the consolidated accounts C7 and notes to the parent company's financial statements P6, remuneration to auditors.

Remuneration to auditor

SEK '000	Group		Parent Company	
	2011	2010	2011	2010
Ernst & Young				
Auditing assignments	4,455	6,766	1,142	3,895
Audit work apart from the audit assignment	250	256	-	-
Tax consultancy	20	95	-	75
Other assignments	355	350	244	243
KPMG				
Auditing assignments	175	234	-	-
Audit work apart from the audit assignment	-	-	-	-
Tax consultancy	12	-	-	-
Other assignments	-	105	-	-
Other auditors				
Auditing assignments	-	-	-	-
Other assignments	66	-	-	-
Total	5,333	7,806	3,333	7,806

Remuneration to the Board, CEO and the Company Management

Remuneration to the board of directors

The annual general meeting 2011 approved the following remuneration to the board of directors: SEK 650,000 to the chairman of the board and SEK 300,000 to each of the other board members elected by the annual general meeting who are not employed in TradeDoublers. In addition to this, the annual general meeting approved remuneration for committee work,

to the members appointed by the board, of SEK 100,000 to the chairman of the audit committee and SEK 50,000 to each of the other members of the audit committee, and SEK 50,000 to the chairman of the remuneration committee and SEK 25,000 to each of the other members of the remuneration committee.

No board member was employed by any company in the group during 2011. Remuneration to each board member is shown in the table "Composition, independence and remuneration of the Board 2011."

Principles for remuneration and other terms of employment for the company management

The annual general meeting 2011 resolved on the following guidelines for remuneration to senior executives, which refer to the chief executive officer and other members of the group management (the company management).

The total remuneration shall be competitive on the local market in which the employee is based in order to attract, motivate and retain skilled employees. The individual remuneration shall be based on the employee's experience, skills, responsibilities and performance.

The total remuneration should be based on four main components; fixed salary, variable remuneration, pension benefits and long-term incentive programme.

Fixed salary: The fixed salary shall be commercially competitive and based on experience, skills, responsibilities and performance.

Variable remuneration: Variable remuneration should be commercially competitive and reward growth, operating profit and should be applied consistently throughout the group. It should be based on predetermined measurable targets, both quantitative and qualitative, and agreed in writing with the employee. The outcome of the variable remuneration shall have an upper ceiling, which normally should not exceed 50 per cent of the fixed salary.

Pension benefits: Pension benefits are offered to certain members of the company management depending on local market conditions. Swedish-based employees are offered a solution which largely corresponds with the ITP plan.

Notice and termination benefits: A mutual period of notice of 3-9 months shall apply for the company management. In the event of termination by the company, termination benefits, in applicable cases, shall not exceed an amount equivalent to 12 fixed monthly salaries. In the event of termination by the employee, he or she shall not normally be entitled to any termination benefits.

Long-term incentive programme: In addition to variable remuneration, which rewards growth and operating profit during the financial year, the board considers that long-term incentive programmes are an important part of the long-term remuneration strategy. The board may invite the company management and other key employees to participate in a long-term incentive programme. The board considers that such a programme should be performance-based or require personal investment and imply continued employment in the group. Such a programme may be designed as share-related or share-price related incentive programme or as a cash-based programme that is not share-related or share-price related at which maximum payment to the company management can amount to 50 per cent of the fixed salary. Share-related and share-price related incentive programmes must be approved by the general meeting of shareholders.

Other benefits: Other benefits, such as car benefit, shall have a limited value in relation to the total remuneration package.

Questions regarding terms of employment for the chief executive officer are determined by the board. The chief executive officer determines terms of employment for other members of the company management after approval by the remuneration committee.

The board of directors or the remuneration committee may depart from these guidelines if special grounds exist in a particular case.

Remuneration policy for employees

The aim of TradeDoublers's remuneration policy is to offer fair, competitive, market-based remuneration that promotes qualified employees to be recruited and retained within the company.

Remuneration to the company management

The CEO Urban Gillström received SEK 3,276,000 in 2011 in fixed salary including other benefits, SEK 600,000 in variable remuneration and SEK 715,000 as remuneration for payment into private pension insurance.

Other senior executives apart from the CEO received a total of SEK 20,454,000 in fixed salary, SEK 2,011,000 in variable remuneration as well as SEK 1,927,000 as remuneration for payments into private pension insurance.

For Mats Rosberg and Chris Simpson, in addition to salary during the notice period, termination benefits were paid of SEK 1,980,000 in total as their employment ceased due to the outsourcing of parts of the IT department and sale of the Search business unit.

Remuneration to the CEO and group management during 2011 is shown in the table below.

Pension benefits

TradeDoublers offers pension plans on some markets that are adapted to the local market conditions. The pension plans are mainly defined contribution, i.e. TradeDoublers pays determined fees to an insurance company and has no subsequent obligations. Obligations in terms of fees for defined contribution plans are recorded as a costs in the income statement when they arise. The retirement age for all senior executive is 65. No right to early retirement exists.

Remuneration CEO and group management 2011

Remuneration and other benefits, (SEK '000)	Fixed salary	Variable remuneration	Long-term incentive programme	Pension benefits	Total
Urban Gillström (CEO)	3,276	600	37	715	4,628
Rest of group management	20,454	2,011	154	1,927	24,546
Total	23,730	2,611	191	2,642	29,174

Variable remuneration

TradeDoublers operates a performance- and results-based programme for variable remuneration for employees within the group. Various quantitative and qualitative performance- and results-based targets are set for different occupational categories, based on company-wide and regional targets for the employees. The company management receives variable remuneration which is primarily linked to the group's financial performance. The variable remuneration has a ceiling. The ceiling lies in the range of between 10 and

50 per cent of the fixed salary for the majority of employees. For the company management the variable remuneration can amount to 50 per cent of the fixed salary.

Variable remuneration is paid annually in arrears, however, portions of the variable salary are determined and disbursed on a quarterly basis for employees within the occupational categories, sales and customer service. During 2011, SEK 27.7 M (26.5) was expensed for the performance- and results-based programme for variable remuneration, of which SEK 3.3 M (4.1) related to social security contributions. This amount includes the variable remuneration to group management.

A new variable remuneration programme has been drawn up for 2012. The focus of the programme, as for 2011, is on steering the company towards a sales-driven culture and organisation, effective processes and profitability.

Long-term incentive programme

Currently, there is one long-term incentive programme within the group – Performance-based Share Programme 2011, described below.

The board confirmed on 11 April 2011 that a previous options programme – stock option programme 2008/2011 – would not be exercised since the performance requirements (measured in earnings per share) were not fulfilled.

Performance-related Share programme 2011

The annual general meeting 2011 resolved on a performance-related share programme of up to 200,000 performance shares.

Participation in the Performance-based Share Programme 2011 implied that employees domiciled in Sweden held TradeDoublers shares corresponding to a value of ten per cent of the participant's basic salary (fixed salary) before tax for the year 2011, divided by the average volume-weighted price paid for the TradeDoublers share on NASDAQ OMX Stockholm during a period of ten trading days immediately after the annual general meeting 2011. If Savings shares are retained by the employee during a three-year period and he/she was employed in the TradeDoublers group during the entire period, the employee is entitled, provided that the performance requirements stated below related to earning per share are achieved, to gratuitous allotment of shares ("Performance shares"), as follows.

- The CEO has right to allotment of to four Performance share for every Savings share.
- Approximately five key persons domiciled in Sweden have right to allotment of up to three Performance share for every Savings share.
- Approximately nine key persons domiciled outside Sweden have right to allotment of up to three Performance shares for each TradeDoublers share the participant would have received if he/she invested up to ten per cent of his/her basic salary before tax for the year 2011 on corresponding terms as participants domiciled in Sweden. There are no share ownership requirements for employees domiciled outside of Sweden.

In the event of sale of Savings shares during the three-year period, the possibility of obtaining Performance shares decreases proportionally.

Allotment of Performance shares is based on an average annual percentage increase in earnings per share during the financial years 2011 to 2013, compared to the financial year 2010. Allotment of Performance shares occurs in the event of an average annual increase in earnings per share between 20 and 40 per cent. No allotment of Performance shares will occur if the average annual increase in earnings per share is less than 20 per cent. In the event of 20 per cent average annual increase in earnings per share, 20 per cent of maximum allotment is allotted. A maximum number of Performance shares will be allotted if the average annual

increase in earnings per share is equal to or over 40 per cent. Allotment of Performance share in the event of an average annual increase in earnings per share between 20 and 40 per cent is linear.

The value that participants can receive on allotment of Performance shares in the programme is maximised at an amount per share which corresponds to 400 per cent of the average volume-weighted price paid for the Trade-Doubler share on NASDAQ OMX Stockholm during a period of ten trading days immediately following the annual general meeting 2011.

Before final determination of the number of Performance shares to be allotted, the board shall examine if the allotment is reasonable in relation to the company's financial results and position, development of shareholder value, conditions in the stock market and generally, and if the board considers that this is not the case, reduce the number of Performance share that shall be allotted to a lower number of shares that the board deems appropriate.

For allotment of Performance shares, the participants shall receive compensation for cash dividends during the three-year period.

On 31 December 2011, the total number of participants in the programme amounted to eleven persons from the group management and the total number of savings shares in the programme amounted to 34,882 shares. TradeDoubler has previously acquired 130,000 own shares for option program 2008/2011 that were retained for this purpose.

Principles for remuneration and other terms of employment 2012

The principles proposed by the board of directors for remuneration and other employment terms for management 2012 shall be approved on the annual general meeting 2012. The principles are in correspondence with the principles that were approved at the annual general meeting 2011 described above.

Proposal to the annual general meeting for a long-term incentive program

The board of directors proposes that the annual general meeting approve a long-term incentive programme ("Performance-Based Share Programme 2012"). The aim of such a programme is to increase the group's attractiveness as an employer and to encourage continued loyalty and good performance on the part of the employees.

Participants

The programme will cover up to 17 key employees. The board also intends to propose a long-term incentive programme for 2013 to the annual general meeting in accordance with the principles now proposed. Future participation will be determined from year to year and participation in the Performance-Based Share Programme 2012 does not imply any guarantees or undertakings regarding invitations to participate in the future.

Employees domiciled in Sweden must hold TradeDoubler shares ("Savings shares") in order to participate in the Performance-Based Share Programme 2012. There are no share ownership requirements for employees domiciled outside of Sweden.

Terms and Conditions

Maximum participation in the Performance-Based Share Programme 2012 implies that employees domiciled in Sweden hold TradeDoubler shares corresponding to a value of ten per cent of the participant's basic salary before tax for the year 2012, divided by the average volume-weighted price paid for the Tradedoubler share on NASDAQ OMX Stockholm during

a period of ten trading days immediately after the annual general meeting 2012. If Savings shares are retained by the employee during a three-year period and he/she was employed in the TradeDoubler Group during the entire period, the employee is entitled to gratuitous allotment of shares ("Performance shares"). The group's chief executive officer is entitled to a maximum of four Performance shares, while other key employees are entitled to a maximum of three Performance shares. Allotment of Performance shares is based on an average annual percentage increase in earnings per share during the financial years 2012 to 2014, compared with the financial year 2011.

Outcome

The value that participants can receive on allocation of Performance shares in the programme is maximised at an amount per share which corresponds to 400 per cent of the share price. Before final determination of the number of Performance shares to be allotted, the board shall examine if the allotment is reasonable in relation to the company's financial results and position etc. On allotment of Performance shares, the participants shall receive compensation for cash dividends during the three-year period. The number of shares covered by this proposal will be recomputed by the board in order to reflect all changes in the capital structure such as bonus issue, consolidation or split of shares, rights issue or reduction of the share capital, or similar measures.

The programme can consist of a maximum of 260,000 shares in addition to 50,000 shares to cover social security contributions among other things, corresponding to approximately 0.72 per cent of the number of shares and votes in April 2012. It is expected to correspond to a total cost amounting to a maximum of approximately SEK 9.6 M based on a share price of SEK 31 and 100 per cent target fulfilment. It is proposed that allotment of shares should take place by assignment of own shares.

Recognition

IFRS 2 prescribes that the value of the Performance shares allocated under the programme must be recognised as an employee benefit expense in the income statement during the vesting period. Social security contributions will also be recognised as an employee benefit expense in the income statement through a provision in the balance sheet. The size of the provision is based on the development in the value of the shares and the applicable tax rates for social costs in force when allocation of shares is finally determined.

Remuneration to Auditor

Total remuneration of SEK 5,333,000 was paid to the auditor during 2011, of which SEK 5,080,000 was paid to Ernst & Young and SEK 253,000 was paid to other auditors.

During 2011, the auditor reviewed the annual accounts, the consolidated accounts and accounting records as well as the administration of the board of directors and the CEO. The auditor has also reviewed the interim report for the period January-September 2011 and has been retained for certain advice, most of which pertained to audit-related consultations regarding accounting and tax matters.

Remuneration to auditors is shown in the table on page 23.

The Board of Director's report on internal control and risk management

The board's responsibility for internal control and risk management is governed by the Companies Act and by the Code. In addition, the Swedish Annual Accounts Act and the Code include a requirement for a corporate governance report which under the Annual Accounts Act should contain information about the most important elements of the company's system for internal control and risk management in connection with the financial reporting. Internal control and risk management in respect of the financial reporting constitute a part of the total internal control and risk management within TradeDoubler which is based on the COSO framework [published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), www.coso.org] and constitute a central feature of TradeDoubler's corporate governance.

Internal control and risk management are processes that are influenced by the board, the audit committee, the CEO, the group management and other employees and which are designed with the aim of providing a reasonable assurance that TradeDoubler's goals are achieved in respect of appropriate and efficient operations, reliable reporting and compliance with applicable laws and regulations. The process is based on the control environment which creates discipline and structure for the other four components in the process – risk management, control structure, information and communication as well as follow up.

The control environment consists of the values and ethics that the board, audit committee, CEO and group management communicate and operate from and also the group's organisational structure, leadership, decision paths, authority, responsibility and the skills held by the employees. External control instruments in the form of applicable legislation and other external regulations in conjunction with internal control instruments form important elements of TradeDoubler's control environment. An overview of the group's organisational structure and internal control instruments is found on page 18. The board's internal control and risk management report in connection with the financial reporting may be found below which has been prepared in accordance with the Annual Accounts Act and the Code as a part of the corporate governance report. This report has been reviewed by the company's auditor.

Internal control and risk management in respect of the financial reporting

Internal control and risk management in respect of the financial reporting aim to provide reasonable assurance regarding the reliability of the external financial reporting in the form of interim reports, annual reports and year-end reports and that the external financial reporting is prepared in accordance with laws, applicable accounting standards and other requirements on listed companies.

Control environment

The board has the overall responsibility for the internal control and risk management in relation to the financial reporting. The board has adopted a formal work plan, which is an internal control instrument that sets out the responsibilities of the board and regulates the board, its committees

and the members' internal division of work. In addition, the board has appointed an audit committee which has the principal task of monitoring the company's financial reporting and as well as the effectiveness of the company's internal control and risk management in respect of the financial reporting. The audit committee shall also continuously meet the company's auditor and keep informed about the audit of the annual accounts and consolidated accounts and review and monitor the auditor's impartiality and independence.

The board has also established internal control instruments in the form of an instruction for the CEO and an instruction in relation to financial reporting for TradeDoubler's board.

The responsibility for maintaining an effective control environment and the day-to-day work regarding the internal control and risk management has been delegated to the CEO.

Internal control instruments for the financial reporting mainly consist of the company's Treasury Policy, Finance Manual and Authorisation Manual.

Treasury Policy – governs the Treasury function's strategy and objectives in general as well descriptions of roles and division of responsibility in the day-to-day operations. It also contains instructions pertaining to managing currency exposure, liquidity management and financing.

Finance Manual – governs the finance function's work generally, as well as description of roles, processes and reporting instructions.

Authorisation Manual – governs attestation rights for investments and purchasing among other things, authority to sign customer and supplier agreements and also authority concerning recruitment, salary adjustments etc.

The company's External Information and IR Policy, Insider Policy as well as IT Security Policy are also important control instruments for the financial reporting.

External Information and IR Policy – governs the company's information disclosure to the capital market and media and the internal division of responsibility in these questions.

Insider Policy – governs the board's, the group management's and certain other employee's possibility of buying or selling the company's financial instruments.

IT Security Policy – IT security is central to the operations and is continually enhanced through structured work. The IT security work is mostly governed by an established IT Security Policy. ISO 27000 guides the IT security work.

The CEO in conjunction with the rest of the group management is responsible for ensuring that the above-mentioned internal control instruments are complied with and updated if necessary.

Risk management

The area of internal control and risk management in respect of the financial reporting forms part of the board's and group management's overall work on identifying and managing risks. The work aims to identify and evaluate the most critical risks affecting the internal control in respect of the financial reporting in the group's companies and processes, as a basis for how to handle risks through different control structures. The most significant risks for the group are described under Risks and uncertainty factors on page 15.

Control structures

Control structures are concerned with which controls are chosen to manage risks in respect of the financial reporting in the group's companies and processes. The controls may be general or detailed, preventive or discovery-based and automated or manual in character.

Information and communication

The internal control instruments are available for the relevant employees on TradeDoublers' intranet.

The CEO and other members of the group management including the company's CFO report the work on strengthening the company's internal control and risk management to the audit committee. The result of the audit committee's work in the form of observations, recommendations and proposals for decision and actions are continually reported by the chairman of the audit committee to the board at board meetings. In addition to this, the board members receive a copy of the minutes from the audit committee's meetings.

Monitoring

Follow up in order to ensure the effectiveness of the internal control and risk management in respect of the financial reporting is conducted by the board, the audit committee, the CEO and the rest of the group management, including the company's CFO. Follow up includes review of monthly financial reports against the budget and targets.

The follow up also encompasses review of reports including project plans from the CEO and the rest of the group management including the company's CFO in respect of the work being conducted in order to strengthen the company's internal control and risk management.

The IT security work takes place continually with monthly follow up meetings with the CISO, CTO and group managers for development and operations in attendance. IT security related incidents are reported at these meetings and follow up takes place of IT security-related projects and activities. When required, the CISO reports to the CEO and other members of the group management including the company's CFO. There are agreements with external security experts in order to receive advice and support regarding implementation, assessments, and priorities of IT security-related issues.

The work during 2011 and the goal for 2012

The board initiated work during the third quarter 2009 aimed at strengthening the internal governance and control of TradeDoublers' operations and processes, including the financial reporting and the IT security connected to that.

This work has continued during 2010 and 2011 and had its starting point in a company-wide and systematic identification and appraisal of risks, financial as well as general, and existing control structures. The identification and evaluation of risks, which has been carried out by the group management, incorporates all components in the COSO model and is used as a basis for priorities and decisions in respect of the risk management. The CEO has reported the result of this work to the board.

During the year, the work continued on several of the projects initiated during 2010 such as the project to introduce a new invoicing system and a new CRM system. These systems are part of the execution of the company's strategy and are expected to improve the efficiency and strengthen the internal control of the invoicing process considerably. During the year, the company also procured a number of systems and worked actively to improve the internal control in existing systems, processes and controls.

A review of the internal control instruments has led to the revision of important control instruments, including the update of the company's Finance Manual and Authorisation Manual. A global Anti-corruption and Bribery Policy has also been drawn up.

Even if successes are continually achieved, work still remains to be done before the internal control and risk management in respect of the company's financial reporting reaches the level desired by the board.

During 2012, the company will continue the work on strengthening the internal control and risk management in respect of the financial reporting in the group's companies and processes. The work will focus, first and foremost, on continued improvement and documentation of the financial processes and the control structures in these and on completing certain ongoing projects. During 2012, the company has the ambition to compile and adapt certain policies to create an overall Corporate Social Responsibility policy.

At present, the company does not have any special audit function. The work of strengthening the internal governance and control of TradeDoublers' operations and processes has instead been carried out by project teams during the year consisting of a combination of internal and external resources which report the results of their work to the audit committee on an ongoing basis. The question of establishing a formal special audit function is reviewed continually.

Board of Directors

1. Mats Sundström, born 1955

Chairman of the Board of Directors and member of the remuneration committee and the audit committee since 2009.

Education: BSc Econ from Stockholm School of Economics.

Other assignments: Board Chairman of St Stephens Episcopal School and Board member of Infocare A/S.

Former assignments: Mats Sundström was previously inter alia Chairman of the Board of Double-Click Scandinavia AB and Unibet plc and also Board member of TV 4 AB, Poolia AB, Neonet AB and Off the Wall Media Production & Consulting AB. Mats Sundström has also been active within the Kinnevik Group, President for Imedia and TV 1000 as well as Executive V.P. of Scansats Broadcast Ltd.

Shareholding: 31,000 shares

2. Kristofer Arwin, born 1970

Member of the Board of Directors since 2007.

Education: BSc in Business and Administration from Stockholm University.

Other Assignments: Board member of Unibet Group plc, Alertsec AB and Stagepool AB. Arwin is co-founder and CEO of TestFreaks AB since 2007 and is also a Board member of TestFreaks AB.

Former Assignments: Kristofer Arwin is the founder of PriceRunner and was the President of the company until December 2005.

Shareholding: 31,150 shares

3. Martin Henricson, born 1961

Member of the Board of Directors since 2001 and member of the Remuneration Committee.

Education: M.Sc from Stockholms University.

Other Assignments: President of EPIServer Group AB, Board member of Implema AB, Projectplace AB and Besedo Group AB.

Former Assignments: Martin Henricson was previously a Board member of AcadeMedia AB and also Chairman of the Board and Board member of Mercuri International Sverige AB, Mercuri International Group AB, Anew Learning AB and Vittra AB. Furthermore, Martin Henricson has also been the external President for Bure Equity AB and Mercuri International Group AB. From 2001 until February, 2007 Martin Henricson was the President and CEO of TradeDoublar.

Shareholding: 15,000 shares

4. Martina King, born 1961

Member of the Board of Directors since 2010.

Other Assignments: Board member of IMD PLC, Debenhams PLC, Capital PLC, Cineworld PLC, trustee of Coram and Governor of Seckford Foundation.

Former Assignments: Martina King was previously a Board member of Johnston Press.

Shareholding: 1,700 shares

5. Caroline Sundewall, born 1958

Member of the Board of Directors and Chairman of Audit Committee since 2009.

Education: BSc Econ from Stockholm School of Economics.

Other Assignments: Chairman of the Board of Svolder AB. Board member of Södra skogsägarna, Södra Cell, Lifco AB, Pägengruppen AB and Mertzig Asset Management AB. Caroline Sundewall is also Chairman of the Board and Consultant of Caroline Sundewall AB and also Chairman of the Board in the tennis trust, Streber Cup.

Former Assignments: Caroline Sundewall has been a board member of Electrolux, Haldex, TeliaSonera and Swebank AB, among others.

Shareholding: 2,000 shares

6. Simon Turner, born 1951

Member of the Board of Directors since 2010.

Education: Bachelor of Arts from University of Surrey.

Other Assignments: Board member of Yorkshire Building Society, Identive Group Inc, Net Retail Holdings BV and consultant for Acer Group.

Former Assignments: Simon Turner has been an Operating Board member and Group Managing Director of Dixons Retail Group as well as Managing Director of Philips Consumer Electronics UK Division and Board Member and Commercial Director of Belling Ltd. Simon Turner has also held several senior executive positions within the software and advertising industry.

Shareholding: 0 shares

7. Heléne Vibbleus Bergquist, born 1958

Member of the Board of Directors, chairman of the remuneration committee and member of the audit committee since 2009.

Education: BSc Econ from Linköping University

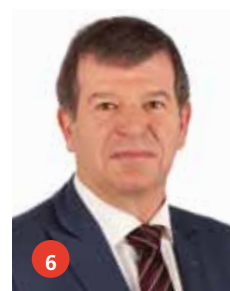
Other Assignments: Management consultant.

Board member of Renewable Energy Corporation ASA, Trelleborg AB (publ), Tyréns AB, Nordic Growth Market NGM AB, Sida and Pertendo AB.

Former Assignments: Heléne Vibbleus Bergquist was previously the Chairman of the Board of INVISIO Communications AB, Nordic Growth Market NGM AB and Nordic Growth Market NGM Holding AB and also member of the Board of Redovisningsrådets Service AB and Swedish Financial Accounting Standards Council. Heléne Vibbleus Bergquist has also been active within Electrolux AB as Senior Vice President, Group Controller and as Senior Vice President, Head of Management Assurance and Special Assignments, and also as Authorised Public Accountant, partner and Board member of PricewaterhouseCoopers in Sweden.

Shareholding: 3,000 shares

Board of Directors as detailed above applies from April 1, 2012



Company Management

1. Urban Gillström, born 1964

President and CEO since 2010.

Education: M.Sc. Industrial Management and Engineering, the Institute of Technology, Linköping University.

Previous assignments: Urban Gillström was formerly group President and responsible for global sales at the US IT/telecoms company, Comverse Inc. Before then, he had a long career with Ericsson, including head of Ericsson's corporate market worldwide, and as President of Sony Ericsson Mobile Communications in the USA.

Based: Stockholm

Holdings: 45,000 shares

2. Erik Skånsberg, born 1964

CFO since 2010.

Education: MSc Stockholm School of Economics.

Previous assignments: Erik Skånsberg was previously CFO of COOP Norden as well as CFO within the Orkla Group, including as CFO of companies such as Carlsberg Sweden, Kemetyl and BOB. Most recently Erik Skånsberg has been running his own consulting business where he held assignments at Vårdapoteket, Capio and SATS, among other companies.

Based: Stockholm

Holdings: 0 shares

3. Elaine Safier, born 1966

CCO since February 2011.

Education: Bsc Economics and MBA from Wharton.

Previous assignments: Elaine Safier has spent over 10 years in the digital media space, managing business units and corporate development activities for large multinational organisations including AOL, Cable & Wireless, and United News & Media. Previously founded and managed early stage ventures including media information business sold to Taylor Nelson Sofres (now part of WPP).

Based: London

Holdings: 0 shares

4. Leif Eliasson, born 1972

Market Unit Leader North East from May 2011.

Education: M.Sc. Mechanical Engineering and Industrial Management, Lund Institute of Technology.

Previous assignments: Leif Eliasson has spent over 12 years in the mobile and online media space, both as general manager in larger organizations such as Tele2, Ericsson and as founder in European mobile and online start-ups. Prior to joining TradeDoubler, Leif Eliasson came from a position as CEO for Relevant Traffic Europe AB, a pan-European search engine marketing company owned by the Kinnevik Group. During his four years in this position, he was also engaged in New Investments within the Kinnevik Group, particularly involving online start-ups.

Based: Stockholm

Holdings: 0 shares

5. Vittorio Lorenzoni, born 1959

Country manager Italy since 2007 and now Market Unit Leader South East Europe.

Education: Degree in Electrical Engineering with full marks at Padua Engineering University.

Previous assignments: Formerly Commercial Director at Yahoo! Italia for Southern Europe and emerging countries. Before then he had a long career at IBM Italia, covering different roles within sales and marketing.

Based: Milan

Holdings: 0 shares

6. Frederic Prigent, born 1976

Country Manager France since 2009 and now Market Unit Leader France.

Education: Studied Marketing and Electronics at Cergy-Pontoise university.

Previous assignments: Frederic Prigent was previously Head of client services since 2005 He had begun his career at ValueClick France in 2000, then had joined AdviseMedia agency.

Based: Paris

Holdings: 0 shares

7. Juan Sevillano, born 1969

Country Manager Spain and Portugal since 2010 and now Market Unit Leader South West

Education: Educated in Economics.

Previous assignments: Juan has more than 10 years' experience in large communication Groups. He was Sales Director of Search & E-Commerce in Yahoo for more than three years. Then he decided to join Microsoft in 2008, and became the Head of Microsoft Media Network, managing the portfolio of products, sales strategy and responsible for cross-business unit critical projects, helping prioritize investments and resources, improving asset yields and adapting the business model to the changing market conditions.

Based: Madrid

Holdings: 0 shares

8. Dr. Falk von Westarp, born 1976

Market Unit Leader Central since July 2011

Education: Frankfurt and Berkeley and holds a Master degree in Business Administration.

Previous assignments: Dr. Falk von Westarp held senior management positions at Monster Worldwide, the global online provider of a full array of job seeking, career management, recruitment and talent management products and services. He most recently was Managing Director for Switzerland. Previously, has held a number of international director positions in the Central and Eastern Europe business region within the international online recruitment group.

Based: Munich

Holdings: 0 shares

9. Rob Wilson, född 1972

Market Unit Leader, North West since May 2011.

Education: Studied International Business technology at University of Teesside.

Previous assignments: Rob Wilson was formerly Chief Revenue Officer and responsible for global sales at the US advertising network, Epic Media Group. He brings over 10 years' experience in digital marketing having previously held key leadership positions with Zanox, 24/7 Real Media and Yahoo throughout Europe and the US.

Based: London

Holdings: 0 shares

10. Matthias Stadelmeyer, born 1976

Business Unit Leader Technology since 2010.

Education: Studies of Industrial Management and Engineering at the University of Applied Sciences in Munich.

Previous assignments: Matthias Stadelmeyer was previously Sales Director and Head of TD Technology at TradeDoubler Germany. Matthias started his carrier as Team leader for Online Marketing at CANCOM IT Systeme AG, Munich.

Based: London

Holdings: 0 shares

11. Jonas Flodh, born 1971

VP Products & Technology / CTO since 2011.

Education: Holds a Master of Engineering from the Royal Institute of Technology in Stockholm and has studied marketing and economics at INSEAD.

Previous assignments: Jonas Flodh has spent 15 years in the mobile, telecommunications and digital media space, managing business, product and corporate development activities for large multinational organizations including Ericsson, Orange PCS and France Telecom and for fast growing innovative companies such as Spray and Formus Communications. Jonas have co-founded and advised early stage ventures within mobile and digital marketing. Joined TradeDoubler in 2007 as Head of Products.

Based: Stockholm

Holdings: 7,050 shares (of which 3,750 are owned by related parties)

12. Nils Lindhe, born 1969

Strategy and Operational Excellence Program Leader since 2010

Education: Msc Stockholm School of Economics and studies at Stanford Graduate School of Business.

Previous Assignments: Nils was formerly head of Northern and Eastern Europe at TradeDoubler. Before then, Nils worked as a Client Director at Lowe Brindfors and Razorfish.

Based: Stockholm

Holdings: 1,334 shares

Group management as detailed above applies from April 1, 2012



Consolidated income statement

SEK '000	Note	2011	2010
Net sales	C3, C4	2,612,701	2,477,768
Cost of goods sold		-1,986,163	-1,855,971
Gross profit		626,539	621,797
Selling expenses		-335,928	-327,823
Administrative expenses		-120,840	-166,548
Research & development expenses		-42,711	-34,586
Operating profit	C4, C5, C6, C7, C8, C9	127,060	92,838
Financial income		1,512	823
Financial expenses		-14,205	-10,847
Net financial items	C10	-12,693	-10,024
Profit before tax		114,367	82,814
Tax	C11	-22,201	-10,007
Net profit for the year for continuing operations		92,166	72,807
Net profit for discontinued operations	C25	-143,069	-11,473
Net profit		-50,904	61,334

Statement of comprehensive income

Profit for the year		-50,904	61,334
Other comprehensive income			
Translation differences, net after tax		21,060	-4,094
Exchange difference on increased net investment, net after tax		-8,130	-21,449
Reversal of exchange difference on increased net investment, net after tax		98,077	-
Reversal of translation difference, net after tax		3,765	-
Total other comprehensive income		114,772	-25,543
Total comprehensive income for the year		63,868	35,791
Total comprehensive income for the year attributable to:			
The parent company's shareholders		-50,904	61,334
Comprehensive income attributable to:			
The parent company's shareholders		63,868	35,791
Earnings per share	C17		
Earnings per share for continuing operations		2.16	1.44
Earnings per share		1.19	1.44

Consolidated statement of financial position

SEK '000	Note	Dec 31, 2011	Dec 31, 2010
Assets	C12		
Non-current assets			
Intangible assets	C13	404,054	423,123
Equipment, tools, fixtures and fittings	C14	10,968	15,772
Other non-current receivables		3,550	2,182
Deferred tax receivables	C11	21,111	27,700
Total non-current assets		439,683	468,777
Current assets			
Trade receivables		642,432	685,862
Tax receivables	C11	28,632	22,293
Other receivables		8,671	11,464
Prepaid expenses and accrued income	C15	26,477	17,585
Cash and cash equivalents		290,745	209,744
Total current assets		996,957	946,948
Total assets		1,436,640	1,415,725
Equity and liabilities			
Shareholders' equity	C16		
Share capital		17,123	17,123
Share premium		441,600	441,600
Translation reserve		10,635	-104,137
Retained earnings including net profit for the year		111,485	162,198
Total equity		580,843	516,784
Non-current liabilities			
Deferred tax liabilities	C11	7,625	17,899
Provisions: non-current		1,044	1,027
Total non-current liabilities		8,669	18,926
Current liabilities			
Trade payables		29,407	47,398
Current liabilities to publishers	C20	498,346	447,242
Tax liabilities	C11	9,251	2,505
Other liabilities	C18	227,770	261,324
Accrued expenses and deferred income	C19	82,354	121,546
Total current liabilities		847,128	880,015
Total equity and liabilities		1,436,640	1,415,725
Pledged assets	C21	3,549	2,179
Contingent liabilities	C21	None	None

Consolidated statement of changes in equity

SEK '000	Share capital	Paid-up, non-registered share capital	Share premium	Translation reserve	Retained earnings incl. Net profit for the year	Total equity
Opening balance at Januari 1, 2010	11,433	5,674	441,130	-78,594	100,864	480,507
Comprehensive income						
Net profit for the year					61,334	61,334
Other comprehensive income						
Exchange difference on increased net investment, net after tax ¹	-	-	-	-21,449	-	-21,449
Translation differences, net after tax	-	-	-	-4,094	-	-4,094
Total other comprehensive income	-	-	-	24,491	-	24,491
Total comprehensive income	-	-	-	-25,543	61,334	35,791
Transactions with shareholders						
Rights issue	5,690	-5,674	470	-	-	486
Total transactions with shareholders	5,690	-5,674	470	-	-	486
Closing balance at December 31, 2010	17,123	-	441,600	-104,137	162,198	516,784
Opening balance at Januari 1, 2011	17,123	-	441,600	-104,137	162,198	516,784
Comprehensive income						
Net profit for the year					-50,904	-50,904
Other comprehensive income						
Exchange difference on increased net investment, net after tax ²	-	-	-	-8,130	-	-8,130
Translation differences, net after tax	-	-	-	21,060	-	21,060
Reversal of exchange difference on increased net investment, net after tax				98,077	-	98,077
Reversal of translation difference, net after tax				3,765	-	3,765
Total other comprehensive income	-	-	-	114,772	-	114,772
Total comprehensive income	-	-	-	114,772	-50,904	63,868
Transactions with shareholders						
Share-based payments settled with equity instruments, IFRS 2	-	-	-	-	191	191
Total transactions with shareholders	-	-	-	-	191	191
Closing balance at December 31, 2011	17,123	-	441,600	10,635	111,485	580,843

¹ Change in value for the year amounted to SEK 29,103,000, of which SEK 7,654,000 was tax.

² Change in value for the year amounted to SEK 11,031,000, of which SEK 2,901,000 was tax.

All capital is attributable to the shareholders of the parent company

Consolidated cash flow statement

SEK '000	Note	2011	2010
Operating activities	24		
Profit before tax		114,367	82,803
Adjustment for items not included in the cash flow		16,098	16,127
Taxes paid		-14,463	-7,321
Cash flow from operating activities before changes in working capital		116,002	91,609
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-45,432	-158,477
Increase (-)/Decrease (+) in operating liabilities		53,058	58,630
Cash flow from operating activities		123,628	-8,238
Investing activities			
Net investments in intangible assets		-25,828	-3,152
Net investments in property, plant and equipment		-3,877	-5,494
Net investments in financial assets		-1,394	-39
Net investments in shares		-24,421	-
Cash flow from investing activities		-55,520	-8,685
Financing activities			
Rights issue		-	42,820
Amortization of loans		-	-242,065
Cash flow from financing activities		-	-199,245
Cash flow for the year from continuing operations		68,108	-216,168
Cash flow from discontinued operations			
Cash flow from operating activities		3,903	2,412
Cash flow from investing activities		-51	-
Cash flow for the year for from discontinued operations		3,852	2,412
Cash flow for the year		71,960	-213,757
Cash and cash equivalents at the beginning of the year		209,744	436,595
Exchange difference in cash and cash equivalents		9,041	-13,095
Cash and cash equivalents at the end of the year		290,745	209,744

* Attributable to discontinued activities

Financial position and cash flow

Cash holdings amounted to SEK 290.7 M (209.7) at year end. At year-end, the group had no interest bearing debt SEK (0) M. The cash flow for the year before change in working capital was SEK 116.0 M (91.6).

The change in working capital amounted to SEK 7.6 M (-99.8). Net investment in intangible assets for the full year corresponded to SEK -25.8 M (-3.2). Net investments in property, plant and equipment amounted to SEK 3.9 M (-5.5).

C1. Accounting policies

General information

TradeDoubler AB (the parent company) and its subsidiaries together make up the TradeDoubler group.

TradeDoubler AB (publ), corporate registration number 556575-7423, is a Swedish registered limited liability company with its registered office in Stockholm. The address of the head office is Sveavägen 20, 111 57 Stockholm. The parent company's shares are listed on Nasdaq OMX Stockholm.

The board of directors approved these annual accounts for publication on 4 April 2012. The annual accounts will be considered for adoption by the annual general meeting.

Summary of significant accounting policies

The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission for application within the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups is applied.

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

Assets and liabilities are recognised at historical cost unless otherwise stated below.

The parent company's functional currency is the Swedish krona (SEK), which is also the presentation currency for the parent company and the group. This means that the financial statements are presented in Swedish kronor. All amounts are rounded off to the nearest thousand, unless otherwise stated.

Assessments and estimates in the financial statements

Preparation of financial statements in conformity with IFRS requires the group management to make judgements and estimates and also make assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, revenue and expenses. The actual outcome can deviate from these estimates and judgements.

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

Judgements made by the company management in the application of IFRS, which have a material impact on the financial statements and estimates which may give rise to significant adjustments in future financial statements are presented in more detail in the notes to the consolidated accounts C2, Critical estimates and judgements.

Significant accounting policies applied

The accounting policies set out below have, with the exceptions described in detail, been applied consistently in all periods presented in the group's financial statements. In addition, the group's accounting policies have been applied consistently by the group's companies.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, is applied for the discontinued operations within the Search segment during 2011. This means that income and costs have been excluded from all items in the income statement in respect of 2011 and the comparative year 2010 and are recognised separately in the income statement as results from discontinued operations. The consolidated cash flow has been recognised for remaining operations while the discontinued operations have been recognised in separate line items.

Starting in January 2011, the group changed its segment reporting in accordance with the new operating follow up which is applied internally. This change has also resulted in a re-allocation of goodwill, for which IAS 36 Allocation of goodwill to cash-generating units has been applied.

Amended accounting policies and disclosure requirements 2011

None of the amendments to standards or new interpretations adopted for application from annual periods beginning in 2011 have had any material impact on the consolidated financial statements.

New accounting standards in 2012 and onwards

New IFRS amendments or interpretations of these standards which are published but have not yet become effective, have not been adopted. To the extent that expected effects on the financial statements arising from the application of the following new or amended standards and interpretations are not described below, no assessment has yet been made of their effect. The new accounting standards which are deemed capable of affecting TradeDoubler's accounting in 2012 and subsequently are:

IFRS 9 Financial Instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. The revised standard principally deals with the number of categories of financial assets and what financial assets and liabilities should be measured at fair value and amortised cost respectively via the income statement. There are two different proposals for when the standard should be adopted for the first time. One proposal mentions 1 January 2013 and the other proposal is 1 January 2015 or later.

IFRS 13 Fair Value Measurement: Dealing with how fair value shall be determined. This standard shall be applied for annual periods beginning on 1 January 2013 or later.

IAS 1 Presentation of other comprehensive income: This amendment affects the format and particularly how transactions shall be grouped in other comprehensive income.

The company has still not evaluated how these new standards will affect the financial statements.

Other amendments of accounting policies that are effective in the future are not expected to have any impact on the consolidated accounts:

Classification

Non-current assets and non-current liabilities in the parent company and the group largely consist of amounts that are expected to be recovered or paid after more than twelve months, calculated from the end of the reporting period. Current assets and current liabilities in the parent company and the group largely consist of amounts that are expected to be recovered or paid within twelve months, calculated from the end of the reporting period.

Segment reporting

Identification of segments is made based on the internal reporting to the chief operating decision-maker, which as far as TradeDoubler is concerned is deemed to be the CEO.

The group's internal reporting system is based on a combination of country and segment, where one or more countries within Network amount to one Network segment. The Technology segment is a summation of countries where these operations are conducted, see a further description in notes to the consolidated accounts, C4 Segment reporting.

Basis of consolidation

Subsidiaries

The group's financial statements comprise the financial statements of the parent company and all of its subsidiaries. Subsidiaries are the companies over which the parent company has a controlling influence. Controlling influence means, directly or indirectly, a right to set the company's financial and operational strategies with the aim of obtaining economic benefits. When determining whether control exists, potential voting shares that can be called upon or converted without delay should be considered.

All subsidiaries are consolidated using the purchase method. The method means that acquisition of a subsidiary is treated as a transaction by which the group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated historical cost is determined through a purchase price allocation in connection with the acquisition. The acquisition analysis establishes the cost of the shares or entity, as well as the fair value on the date of acquisition of the identifiable assets acquired and liabilities and contingent liabilities assumed. The cost of the subsidiary's shares or entity consists of the fair values of the assets on the date of exchange, liabilities incurred or assumed and equity instruments issued as consideration in exchange for the acquired net assets. In business combinations where the cost of acquisition exceeds the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement.

The subsidiaries' financial statements are included in the consolidated financial statements from the date of acquisition until the date when the controlling influence ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from transactions between group companies, are eliminated in full on preparation of the consolidated financial statements.

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency which applies in the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the prevailing year-end exchange rate. Exchange differences arising on translation are recognised in the income statement, as financial income and expenses, with the exception of exchange differences in respect of intra-group loans which are treated as a net investment in a foreign operation (increased/reduced net investment) where the exchange differences are recognised in other comprehensive income in the same way as translation differences.

Financial statements of foreign operations

The group's presentation currency is the Swedish krona (SEK). Assets and liabilities in foreign operations, including goodwill and other goodwill/negative goodwill arising on consolidation, are translated from the foreign operation's functional currency to the group's presentation currency, Swedish krona, at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated to Swedish kronor at an average rate that represents an approximation of the prevailing exchange rates on the date of each transaction. Translation differences arising on such translation are recognised in other comprehensive income.

The exchange rates used in translation of the financial statements for consolidation purposes are as follows:

	Closing day rate		Average rate	
	2011	2010	2011	2010
EUR	8.94	9.00	9.03	9.54
GBP	10.68	10.55	10.41	11.13
NOK	1.15	1.15	1.16	1.19
DKK	1.20	1.21	1.21	1.28
LTL	2.59	2.61	2.62	2.76
PLN	2.03	2.27	2.20	2.39
CHF	7.36	7.24	7.35	6.91
RUB	0.22	0.22	0.22	0.24

The company does not currently hedge foreign exchange exposure. In connection with the disposal of a foreign operation, the accumulated translation differences attributable to the operation are recognised in the consolidated income statement. The company divested operations during the financial year 2011. See further description in the notes to the consolidated accounts, C24 Discontinued operations.

Revenue

Sales revenue, which is synonymous with net sales, is recognised at the fair value of the consideration received, or which shall be received, taking into account any discounts and rebates. Revenue recognition takes place in the income statement when it is probable that the future economic benefits will accrue to the group and these benefits can be measured in a reliable manner. Revenue includes only the gross inflow of economic benefits that the company receives or can receive for its own benefit. Revenue from rendering services is recognised when the economic benefits for the services performed can be measured reliably and the economic benefits accrue to the group.

Group revenue consists of payments from the companies and organisations that advertise and market their products and services via the group. Revenue consists of variable transaction and consulting revenue (called Transaction revenue) and by fixed start-up and monthly fees (called Other revenue).

For the parent company, revenue consists mainly of licensing fees charged to subsidiaries.

Transaction revenue

Most of the company's revenue consists of transaction revenues. These are mainly variable and may be compared with the economic benefit from rendering a service without any specific time constraints. Within the terms of rendering a service, revenue is continuously calculated based on transaction volume and price per transaction. The criteria for recognition of this revenue are applied to each individual transaction or summation of transactions.

Other revenue

Most of the company's other revenue consists of fixed start-up and monthly fees. These revenues are connected to rendering services in which the company gives the customer the right to use the company's technology, among other things. The right of use is mainly governed via a rendering of services. The criteria for recognition of these revenues are applied to each rendering of a service.

Operating expenses and financial income and expenses

Cost of goods sold

Cost of goods sold consists of payments to publishers and search engines and is recognised as revenue recognition takes place.

Financial income and expenses

Interest income is primarily interest on bank deposits and is recognised in the income statement as it arises by application of the effective interest method. Dividend income is recognised in the income statement when the group secures the right to receive payments. Financial expenses consist of interest costs on borrowings, the effect of dissolution of present value computation of provisions, loss on changes in value of financial assets measured at fair value via the income statement, impairment of financial assets and such losses on hedging instruments that are recognised in the income statement. Exchange gains and exchange losses are recognised net.

Financial instruments

Financial instruments on the asset side that are recognised in the balance sheet include cash and cash equivalents, trade and financial receivables. Liabilities include trade payables, liabilities to publishers and liabilities to credit institutions.

Recognition and derecognition in the balance sheet

A financial asset or financial liability is carried in the balance sheet when the company or one of the subsidiaries becomes a party under the commercial terms of the instrument. Trade receivables are carried in the balance sheet when the invoice has been sent. Liabilities are carried when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade payables are recognised upon receipt of invoice.

A financial asset is derecognised when the contractual rights are realised, expire or the company no longer has control over them. The same rule applies for part of a financial asset. A financial liability is derecognised when the contractual liability is discharged or otherwise expires. The same rule applies for part of a financial liability. Acquisition and disposal of financial assets are recognised on the transaction date, which represents the day when the company committed to acquire or dispose of the asset.

The fair value of quoted financial assets corresponds to the asset's quoted buying rate at the end of the reporting period. The fair value of unquoted financial assets is determined by using valuation techniques such as recently completed transactions, the price of similar instruments and discounted cash flows.

Classification and measurement

Financial instruments that are not derivatives are initially recognised at the cost of acquisition corresponding to the fair value of the instrument plus transaction costs for all financial instruments, apart from those classified as financial assets recognised at fair value via the income statement, which are recognised at fair value excluding transaction costs. A financial instrument is classified on initial recognition based on the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured after the initial reporting date, as described below.

Loan receivables and trade receivables

Loans and receivables are financial assets that are not derivative instruments, which have fixed or determinable payments and which are not quoted on an active market. These assets are measured at amortised cost according to the effective interest method.

Trade receivables are recognised at the amount that is expected to be received less doubtful debts, which are assessed individually. Since trade receivables have

a short expected maturity, the value of each receivable is carried at its nominal amount with no discount. Impairment losses of receivables are recognised in operating expenses.

Receivables with an expected maturity of more than one year are classified as non-current receivables and those with shorter maturities are classified as other receivables.

Financial liabilities

Financial liabilities are measured at amortised cost. Amortised cost is determined on the basis of the effective rate measured when the liability was carried. This means that premiums or discounts and issue expenses are allocated over the term of the liability.

Trade payables have short expected maturities and are measured at their nominal value without discount.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and directly accessible balances at banks and similar institutions as well as short-term highly liquid investments with original maturities of less than three months which are only subject to an insignificant risk of fluctuations in value.

Property, plant and equipment

Owned assets

Property, plant and equipment is recognised as an asset in the balance sheet if it is probable that the future economic benefits will accrue to TradeDoubler and the cost of the asset can be reliably measured. The cost of acquisition is defined as the purchase price and the costs for putting the asset in place.

Property, plant and equipment are recognised in the group at cost less accumulated depreciation and any impairments. Additional expenditure is added at cost only if it is probable that the future economic benefit associated with the asset will increase. All other expenditure is expensed.

Property, plant and equipment consisting of units with different useful lives are treated as separate items of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on retirement or disposal or when no future economic benefits can be expected from its use. Gains or losses arising from disposal or retirement of an asset, consist of the difference between the selling price and the asset's carrying amount less directly related selling expenses. Gains and losses are recognised as other operating income/expenses.

Leased assets

The leases in the group have been classified as operating leases, which means that the lessor retains the absolute majority of the risks and the benefits of ownership of an asset. Operating leases mean that leasing fees are expensed on a straight-line basis over the term of the lease, which may differ in practice from the amount of leasing fees paid during the year.

Depreciation methods

Depreciation takes place on a straight-line basis over the estimated useful life of the asset.

Equipment	Three to five years
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An assessment is made of an asset's residual value and useful life every year.

Intangible non-current assets

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is distributed to cash-generating units and is tested at least once annually for any impairment need. Impairment testing is carried out more frequently if there are indications that the unit may need to be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce any goodwill carrying amount allocated to the unit and the unit's other assets on a pro-rata basis of the carrying amount of each asset in the unit.

In business combinations where the cost of acquisition is less than the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised directly in the results for the period.

Development

Expenses for new or substantially improved products or processes are carried as assets in the balance sheet only if the product or process is technologically or

commercially viable and the group has sufficient resources to complete development. Capitalisation may occur when a new platform or functionality is developed and includes costs of materials, direct work and a reasonable share of indirect costs. System maintenance costs are expensed as they arise. Capitalised development expenses are recognised at cost less accumulated depreciation and impairment charges.

Administration and support

The category "Administration and support" has been added for annual periods from 2011. This category includes system tools for customer management and finance among other things. These intangible assets are deemed to have a longer useful life than those within the Development category, mainly due to a longer product lifecycle in the market. In this category, capitalised expenditure is also recognised at cost less accumulated amortisation and impairment charges.

Other intangible assets

Other intangible assets acquired by the group consist of client relations, technology platforms and trademarks, and are recognised at cost less accumulated amortisation (see below) and impairment.

Additional expenditure

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

Amortisation methods

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets, provided such useful lives are determinable. Goodwill and intangible assets with an undeterminable useful life are tested for impairment on an annual basis and also as soon as there are indications suggesting that the asset in question has decreased in value. Intangible assets that may be amortised are amortised from the date from which they are available for use. The estimated useful lives are:

Client relations	Seven years
Technology platforms	Three years
Trademarks	Five years
Development	Three years
Administration and support	Five years

Impairment

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

Impairment testing of property, plant and equipment and intangible assets and participations in subsidiaries.

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

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit (group of units) exceeds its recoverable amount. An impairment is charged to the income statement.

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

Impairment testing of goodwill

Goodwill consists of the amount by which the acquisition cost exceeds the fair value of the net assets acquired by the group in conjunction with a company acquisition or acquisition of assets and liabilities. Goodwill arising from the acquisition of an associated company is included in the carrying amount for the associated company. Goodwill is allocated to cash-generating units upon acquisition and is not amortised, but is tested annually to identify any impairment needs. Goodwill is measured at acquisition cost less any accumulated impairments.

Impairments of goodwill are not reversed. The recognised revenue from the disposal of a group company includes the remaining carrying amount of the goodwill attributable to the divested unit.

Impairment testing of financial assets

In connection with quarterly financial reporting, TradeDoubler assesses whether there is objective evidence that a financial asset or group of assets requires impairment. Objective evidence consists partly of observable circumstances that occurred and which have a negative impact on the possibility to recover the cost of acquisition.

The recoverable amount of assets belonging to the categories of loans and receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial recognition of the asset. Assets with short maturities are not discounted. An impairment is charged to the income statement.

Reversal of impairment losses

An impairment is reversed if there is an indication that an impairment need no longer exists and a change has occurred in the assumptions that provided the basis for the measurement of the recoverable amount. A reversal is only made to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less amortisation where appropriate, if no impairment had been made. Impairment of goodwill is never reversed.

Impairments of loan receivables and trade receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment was made.

Earnings per share

The calculation of earnings per share is based on the group's net profit for the year attributable to the parent company's shareholders and on the weighted average number of shares in issue during the year. In the calculation of earnings per share after dilution, the profit and the average number of shares are adjusted to take account of the effects of dilutive potential ordinary shares, which consisted of options issued to employees during the presented periods.

Employee benefits

Defined contribution plans

The group mainly operates defined contribution pension plans. In defined contribution plans, TradeDoubler pays fixed fees to an insurance company and has no obligation to pay further amounts.

Obligations in respect of charges for defined contribution plans are recognised as an expense in the income statement as they arise.

Compensation on termination of employment

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

Share-based payment

The company's share programme allows selected persons to acquire shares in the parent company. The fair value of the shares is recognised as a personnel cost with a corresponding increase in shareholders' equity. The fair value of the shares is calculated according to the Black-Scholes method, taking into consideration the terms and conditions prevailing on the allotment date, including the market value when available. The amount which is recognised as an expense is adjusted to reflect the actual number of shares earned.

During every year-end closing, an assessment is made as to whether, and to what degree, the vesting conditions will be fulfilled. If this assessment results in an estimate of a lower number of shares being earned during the vesting period, previously expensed amounts are reversed in the income statement. This means that in those cases where the vesting requirements are not fulfilled, no costs will be recognised in the income statement, as viewed over the entire vesting period.

Social security contributions attributable to the share programme are recognised as a personnel cost and a personnel-related liability, respectively. Provisions for social security contributions are calculated using the best estimate at each closing date of the group's future liability for social security contributions. The provision for social security contributions is allocated over the vesting period. The calculations are based on the fair value of the shares on each closing date. The provision for social security contributions also includes social security contributions for equity instruments.

Provisions

Provisions are recognised in the balance sheet when the group has an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and the amount can be reliably estimated. Provisions include leases where the outlay exceeds the economic benefits. In cases where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money, and if applicable, the risks specific to the liability.

Taxes

Income taxes in the income statement include both current tax and deferred tax. Taxes are recognised in the income statement except where the underlying transaction is recognised in other comprehensive income or directly against equity.

Current tax is tax that shall be paid or received in respect of the current year, using the tax rates which have been enacted or which in practice were enacted on the balance sheet date. This also includes adjustments of current tax relating to previous periods.

Deferred taxes are estimated in accordance with the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts. The following temporary differences are not taken into consideration; for temporary differences arising on the initial recognition of goodwill, nor for the initial recognition of assets and liabilities that are not business combinations and which at the transaction date affect neither accounting nor taxable income, furthermore, temporary differences are not taken into consideration that are attributable to participations in subsidiaries and associated companies and which are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is measured using the tax rates and tax regulations that are enacted or which are in practice enacted on the balance sheet date.

Deferred tax assets in respect of deductible temporary differences and loss carry-forwards are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

Any additional income tax arising on dividends is recognised at the same time as the dividend is recognised as a liability.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation arising from past events and whose occurrence can only be confirmed by one or more uncertain future events or when an obligation arises which cannot be recognised as a liability or provision as it is not probable that an outflow of resources will be required or the size of the obligation cannot be estimated with sufficient reliability.

C2. Critical estimates and judgements

The preparation of accounts and the application of accounting policies is often based on the management's judgements and on estimates and assumptions that are deemed to be reasonable at the time the judgement was made. However, the result may be different using different judgements, assumptions and estimates and events can occur which can require a significant adjustment of the carrying amount of the asset or liability in question. The accounting policies whose application is based on such judgements are described below and the most important sources of uncertainty in the estimates that the company believes may have the most important impact on the group's reported results and financial position. The information in this note refers to those areas, where risk of future adjustments of carrying amounts is greatest.

Goodwill

Testing of goodwill is based on estimates and assumptions regarding the future. As the company conducts operations in a relatively young industry which is characterised by development and constant changes, these assumptions are an uncertainty factor. The uncertainty in these assumptions is partly offset by a good margin in the comparison of recoverable amounts and carrying amounts.

Goodwill amounted to SEK 370.3 M (365.8).

Deferred tax assets

The group recognises deferred tax assets on loss carryforwards of SEK 18.9 M (27.7). The deferred tax assets are primarily attributable to tax loss carryforwards in the UK. The valuation of loss carryforwards and the ability to utilize these are based on management's estimates of future taxable income in the various tax areas.

Trade receivables

The group monitors the financial stability of its customers and the conditions under which they operate to estimate the probability of payment for each individual receivable. As of December 31, 2011 the total provisions for expected bad debt losses in the balance sheet amounted to SEK 12.1 M (22.0).

Intangible assets

The company's intangible assets comprise, in addition to Goodwill, of internally developed and acquired products. The products that are directly related to the company's core business have a shorter estimated useful life and are amortised at a faster rate. Each year an impairment test is performed, both for the intangible assets that are in use as well as for those not yet in use. See notes to the Consolidated accounts, C1 Accounting policies and C13 Intangible assets for further information.

C3. Distribution of revenue

SEK '000	2011	2010
Revenues Transaction	2,544,740	2,228,832
Other revenue	67,961	248,936
Total revenue	2,612,701	2,477,768

C4. Segment reporting

TradeDoubler has seven segments. Six of the segments consist of market units within Network (Central, France, North East, North West, South East, South West) and the seventh segment consists of the business unit Technology.

"Network's market units consist of the following countries;

- Germany, Switzerland, Austria, Belgium and the Netherlands (Central)
- France (France)
- Sweden, Norway, Denmark, Finland, Lithuania, Poland and Russia (North East)
- UK and Ireland (North West)
- Italy (South East)
- Spain and Portugal (South West)"

Identification of segments is based on the internal reporting to the chief operating decision-maker. Reporting and follow up takes place based on the geographical regions that serve as the basis of division for the segment reporting.

The group's chief operating decision-maker continually monitors the gross profit and operating profit per segment.

Intra-group transfer prices between different segments are set based on the "arm's length" principle, in other words, between parties that are independent of each other, well informed and with an interest in completing the transactions.

Operating profit for the parent company, central functions and eliminations are allocated to the segments.

The same accounting policies as for the group are applied in the segment reporting.

TradeDoubler has no customers which account for revenues of more than 10 per cent of the company's total revenues for the years 2011 or 2010.

SEK '000	Gross profit		Operating profit	
	2011	2010	2011	2010
Market Unit Central	131,357	120,688	19,657	4,667
Market Unit France	99,653	106,343	34,626	25,870
Market Unit North East	127,835	125,974	4,089	2,043
Market Unit North West	112,401	106,584	12,247	9,081
Market Unit South East	63,074	57,224	25,580	15,551
Market Unit South West	36,315	46,440	6,017	8,581
Total Network	570,635	563,253	102,215	65,793
Business Unit Technology	55,904	58,544	24,845	27,045
Total continued operations	626,539	621,797	127,060	92,838
Discontinued operations	31,812	36,620	-7,724	-10,311

Geographical information

SEK '000	2011	2010
Sweden	175,786	166,172
Great Britain	688,161	644,237
France	565,280	563,151
Germany	252,150	224,985
Italy	194,495	192,453
Spain	171,592	168,005
Other	565,237	518,764
Total	2,612,701	2,477,768

Revenue from external customers is recognised per geographical area in which the revenue was generated.

C5. Remuneration to employees, group management and board of directors

Average number of employees	2011		2010	
	män (%)		män (%)	
Parent company				
Sweden	76	64	81	63
Subsidiaries				
Belgium	10	79	11	67
Denmark	13	51	13	50
Finland	14	60	12	55
France*	55	59	57	63
Ireland	5	65	5	57
Italy*	32	39	27	41
Lithuania	9	46	8	51
Netherlands	21	65	22	75
Norway	12	65	13	72
Poland	26	47	19	48
Portugal	3	32	4	67
Russia	6	52	5	54
Switzerland	15	83	15	70
Spain*	34	50	34	59
UK*	137	55	170	59
Sweden*	28	74	29	77
Germany*	42	58	40	63
Austria	5	75	5	55
Total subsidiaries	467	57	489	60
Total group	543	58	570	61

* Average number of employees includes employees from the divested Search business

Distribution of men and women in board of directors and group management

	2011	2010
Share women (%)		
The board of directors	42.9	42.9
President and other senior executives	7.7	16.7

Remuneration to employees distributed between the Parent Company and subsidiaries

SEK '000	2011		2010	
	Salaries and other remuneration	Social fees (of which other remuneration)	Salaries and other remuneration	Social fees (of which other remuneration)
Parent company	58,200	24,307 (6 372)	62,807	24,585 (6 847)
Subsidiaries	212,329	41,174 (5 678)	217,214	38,830 (6 175)
Total	270,528	65,481	280,021	63,415

Cost of remuneration to employees

SEK '000	2011	2010
Salaries and remuneration	270,337	280,021
Share-based payments	191	-
	270,528	280,021
Pension expenses	12,050	13,022
Social security contributions	53,393	50,393
Social security contributions attributable to share-based payments	38	-
	65,481	63,415
Total	336,009	343,436

Remuneration to the president, group management and board of directors

Remuneration and other benefits, (SEK '000)	2011					2010				
	Basic salary, directors' fees	Variable remuneration	Long-term incentive programs	Pension obligations	Total	Basic salary, directors' fees	Variable remuneration	Long-term incentive programs	Pension obligations	Total
The Board of Directors										
Mats Sundström	725	-	-	-	725	811	-	-	-	811
Kristofer Arwin	300	-	-	-	300	268	-	-	-	268
Heléne Vibbleus Bergquist	400	-	-	-	400	518	-	-	-	518
Martin Henricson	325	-	-	-	325	293	-	-	-	293
Martina King	300	-	-	-	300	200	-	-	-	200
Lars Stugemo	-	-	-	-	-	68	-	-	-	68
Caroline Sundewall	400	-	-	-	400	518	-	-	-	518
Simon Turner	300	-	-	-	300	200	-	-	-	200
Örjan Frid (VD) ¹	-	-	-	-	-	1,463	-	-	-	1,463
Urban Gillström (VD) ²	3,276	600	37	715	4,628	2,625	1,000	-	683	4,308
Other group management	20,454	2,011	154	1,927	24,546	14,600	442	-	1,919	16,961
Total	26,480	2,611	191	2,642	31,924	21,564	1,442	-	2,602	25,608

¹ Örjan Frid was interim President and CEO from December 2008 up until February 16, 2011. Remuneration was paid consisting of a fixed consultancy fee of SEK 325,000 per month. The amount includes a dismissal pay of three months. No other remuneration or termination benefits are payable.

² From February 16, 2011

³ The directors' fees are allocated on the basis of the calendar year

As of December 31, 2011 the group management was composed of thirteen persons (six persons as at December 31, 2010). 2011 bestod concernledning av tretton personer (sex personer per den 31 december 2010). The increase is due to the reorganisation that took place in early 2011 which removed two layers of the organisational structure. Simon Burgess was head of market unit North West until February 22, 2011. Dismissal pay has been paid after the termination of employment. Mats Rosberg was TradeDoubler's CIO at the closing of the year. His position ended with the outsourcing of the IT-operations. With the successful outsourcing dismissal pay and termination benefits will be paid. Chris Simpson was head of business unit Search. Upon completion of the sale of the Search business termination benefits was paid to Chris. Termination benefits of totally SEK 1,980,000 (1,556,000) have been paid.

Remuneration to the board and senior executives

Fees to board members and members of the board's committees

The annual general meeting 2011 approved the following remuneration to the board of directors: SEK 650,000 to the chairman of the board and SEK 300,000 to each of the other board members elected by the annual general meeting who are not employed in TradeDoubler. In addition to this, the annual general meeting approved remuneration for committee work, to the members appointed by the board, of SEK 100,000 to the chairman of the audit committee and SEK 50,000 to each of the other members of the audit committee, and SEK 50,000 to the chairman of the remuneration committee and SEK 25,000 to each of the other members of the remuneration committee.

Guidelines for remuneration for senior executives

The annual general meeting 2011 resolved on the following guidelines for remuneration to senior executives, referring to the chief executive officer and other members of the group management (the company management).

The total remuneration shall be competitive on the local market in which the employee is based in order to attract, motivate and retain skilled employees. The individual remuneration shall be based on the employee's experience, skills, responsibilities and performance.

The total remuneration should be based on four main components; fixed salary, variable remuneration, pension benefits and long-term incentive programme. The fixed salary shall be commercially competitive and based on experience, skills, responsibilities and performance. Variable remuneration should be commercially competitive and reward growth, operating profit and should be applied consistently throughout the group. It should be based on predetermined measurable targets, both quantitative and qualitative, and agreed in writing with the employee.

The outcome of the variable remuneration shall have an upper ceiling, which normally should not exceed 50 per cent of the fixed salary.

Pension benefits are offered to certain members of the company management depending on local market conditions. Swedish-based employees are offered a solution which largely corresponds with the ITP plan.

A mutual period of notice of 3-9 months shall apply for the company management. In the event of termination by the company, termination benefits, in applicable cases, shall not exceed an amount equivalent to 12 fixed monthly salaries. In the event of termination by the employee, he or she shall not normally be entitled to any termination benefits.

In addition to variable remuneration, which rewards growth and operating profit during the financial year, the board considers that long-term incentive programmes are an important part of the long-term remuneration strategy. The board may invite the company management and other key employees to participate in a long-term incentive programme. The board considers that such a programme should be performance-based or require personal investment and imply continued employment in the group. Such a programme may be designed as share-related or share-price related incentive programme or as a cash-based programme that is not share-related or share-price related at which maximum payment to the company management can amount to 50 per cent of the fixed salary. Share-related and share-price related incentive programmes must be approved by the general meeting of shareholders. In accordance with the decision on the annual general meeting 2011 a number of members from the group management been offered participation in a long-term incentive programme, for more information see notes to the Consolidated statements, Note C6 Share-based remuneration.

Other benefits, such as car benefit, shall have a limited value in relation to the total remuneration package.

Questions regarding terms of employment for the chief executive officer are determined by the board. The chief executive officer determines terms of employment for other members of the company management after approval by the remuneration committee.

The board of directors or the remuneration committee may depart from these guidelines if special grounds exist in a particular case.

Remuneration policy for employees

The aim of TradeDoubler's remuneration policy is to offer fair, competitive, market-based remuneration that promotes qualified employees to be recruited and retained within the company.

Pension benefits

TradeDoubler offers pension plans on some markets that are adapted to the local market conditions. The pension plans are mainly defined contribution, i.e. TradeDoubler pays determined fees to an insurance company and has no subsequent obligations. The retirement age for all senior executive is 65. No right to early retirement exists.

Variable remuneration

TradeDoubler operates a performance- and results-based programme for variable remuneration for employees within the group. Various quantitative and qualitative performance- and results-based targets are set for different occupational categories, based on company-wide, regional and discretionary targets for the employees. Senior executives receive variable remuneration which is primarily linked to the group's financial performance. The variable remuneration has a ceiling. The ceiling lies in the range of between 10 and 50 per cent for the majority of employees. For the group management the variable remuneration can not exceed 50 per cent.

Variable remuneration is paid annually in arrears, however, portions of the variable salary are determined and dispersed on a quarterly basis for employees within the occupational categories - sales and client services.

During 2011, SEK 27.7 M, of which SEK 3.3 M are social fees, was expensed for the performance- and results-based program for variable remuneration in respects of 2011. This amount includes the variable remuneration to group management that amounted to SEK 2.6 M. With maximum allotment, the outcome for variable remuneration in 2011 would have amounted to approximately SEK 85 M of which approximately SEK 13.9 M are social fees including the variable remuneration to group management. With the current composition of the group management, the maximum outcome for variable remuneration in 2011 would have amounted to approximately SEK 9.1 M of which approximately SEK 1.5 M relates to the CEO.

Chief executive officer

For the chief executive officer a mutual period of notice of 6 months shall apply. In the event of termination by the Company, the chief executive officer is entitled to termination benefits of 12 months to be paid out monthly in equal shares.

The pension plan of the chief executive officer consists of a defined contribution plan amounting to 26 percent of the fixed salary. Payment to the pension plan will end at retirement or earlier if the chief executive officer leaves the company for any other reason.

C6. Share-based remuneration

Long-term incentive programmes

The group had two different outstanding long-term incentive programmes during 2010 and 2011.

Supply of shares to the option holders/participants in the share saving programme was secured through purchase of own shares in TradeDoubler AB.

During the fourth quarter 2009, the company reversed a previously recognised charge of SEK 0.6 M in respect of option program 2008/2011. The reversal was made since the company estimated that the performance requirement – an average growth in earnings per share of at least 20 percent per year – would not be achieved and that subscription would therefore not take place in the programme.

SEK '000	2011	2010
Personnel expense (including social security contributions) arising from share-based remuneration	-229	-
Total personnel expense arising from share-based remuneration	-229	-

Performance share programme 2008/2011

The annual general meeting 2008 resolved on a performance-based share programme of up to 240,000 performance shares (options). Each option initially gave the holder the right to acquire one (1) share in the future subject to certain conditions. The exercise price was SEK 10 per share. The terms of the programme were adjusted on account of the rights issue in 2009. Each option at the present time gives the holder the right to acquire 1.22 shares at an exercise price of SEK 8.20. The options were allotted to employees in the group gratuitously and are not assignable. The programme runs until 1 July 2011 with right to exercise options for purchase of shares first on this date. A condition for exercising the options is that the holder remains in employment and that the growth targets for earnings per share are fulfilled.

The number of options that may be exercised depends on the average annual increase in earnings per share during the financial years 2008, 2009 and 2010. In the event of an average annual increase of at least 10 percent, 20 percent of the options may be exercised (subscription may not take place at all in the event of an increase of less than 10 percent), in the event of an average annual increase of 18 percent, 50 percent of the options may be exercised, and in the event of an average annual increase of 29 percent, 100 percent of the options may be exercised. The right of exercise is linear between 10 and 18 percent and between 18 and 29 percent.

As of 31 December 2011, the number of outstanding options amounted to 0 (161,200). TradeDoubler has acquired 130,000 of its own shares for this purpose.

On 11 April 2011, the board passed a resolution that subscription could not take place in the programme 2008/2011, since the growth targets for earnings per share were not fulfilled.

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

SEK	Program 2008/2011
Exercise price, SEK	10.00
Share price, SEK	59.75
Volatility, %	36
Term, years	3.86
Risk-free rate of interest, %	4.40
Dividend, SEK	-
Number of options	227,600
Number of shares	227,600
Fair value per option, SEK	51.32

Valuation was carried out using the Black & Scholes option valuation model. The expected volatility is based on historic volatility (with the calculation based on the weighted average remaining lifetime of the options) adjusted for any expected changes in future volatility as a result of officially available information. The calculation of expected lifetime is based on a uniform distribution of the programs' different exercise periods in each year, with the portion earned in 2009 adjusted for the possibility of exercise in December 2010 and July 2011.

SEK	Weighted average exercise price		Number of shares to which the options may provide entitlement	
	2011	2010	2011	2010
Outstanding at beginning of period	8.20	144.15	196 664*	953,156
Allotted during the period	-	-	-	-
Conversion in respect of rights issue	-	-	-	-
Forfeited during the period	-	135.94	-	-125,034
Exercised during the period	-	-	-	-
Expired during the period	8.20	180.62	-196,664	-631,458
Outstanding at beginning of period	-	8.20	-	196 664*
Exercisable at end of the period	-	-	-	-

**The performance requirement for the stock option program are not fulfilled and therefore not subscription on the program will take place.

Performance-related share programme 2011

The annual general meeting 2011 resolved on a performance-related share programme for key people in the group. The programme aims to increase the group's attractiveness as an employer and to encourage continued loyalty and good performance.

The programme is directed at up to 17 key people including the CEO.

In order to participate in the programme, employees domiciled in Sweden are required, to own TradeDoubler shares (saving shares) corresponding to a value of a maximum of 10 per cent of the participant's basic salary before tax for year 2011 divided by the average volume-weighted price paid at NASDAQ OMX Stockholm during a period of ten trading days immediately after the annual general meeting 2011.

If the savings shares are retained by the employee during a three-year period and he/she was employed in the TradeDoubler Group during the entire period, the employee is entitled to gratuitous allotment of shares (performance shares) provided that the performance requirements related to earnings per share according to the table below are met.

If the savings shares are sold during the three-year period, the possibility of obtaining Performance shares decreases proportionally.

For employees domiciled outside of Sweden, no savings shares requirement exists. Allotment, according to the table below, occurs based on if the participant would invest up to ten per cent of his/her basic salary before tax for the year 2011 on corresponding terms as participants domiciled in Sweden.

As the performance share programme 2008/2011 did not reach its growth targets, no allotment in the programme took place. The 130,000 shares that were acquired for the performance share programme have been retained for the Performance-related share programme 2011. It is the view of the board that existing shares in own custody will largely cover the outcome of the Performance-related share programme 2011.

The total number of participants in the programme amounts to 11 from the group management and the total number of savings shares in the programme amounts to 34,882 shares.

SEK '000	Base year EPS	Target average annual EPS growth range	Performance shares awarded	Maximum opportunity as percentage of fixed salary
Share programme 2011	1.44	20%	0,6 to 1	6-10 %
		20,1 to 39,9 %	0,7 to 3,9	7-39 %
		40 % -	3 to 4	30-40 %

C7. Remuneration for auditor

SEK '000	2011	2010
Ernst & Young		
Audit assignments	4,455	6,766
Audit related fees	250	256
Tax services	20	95
Other assignments	355	350
KPMG		
Audit assignments	175	234
Audit related fees	-	-
Tax services	12	-
Other assignments	-	105
Other auditors		
Audit assignments	-	-
Other assignments	66	-
Total	5,333	7,806

Audit assignments refers to the examination of the annual accounts, the consolidated accounts and accounting records as well as the administration of the board of directors and the CEO, other duties that the Company's auditors are obliged to perform as well as advice or other assistance arising from observations during such examination and implementation of such duties. In addition, the auditor reviewed the corporate governance report. The auditor has also reviewed the interim report for the period January-September 2011 and has been retained for certain advice, most of which pertained to audit-related consultations regarding accounting and tax matters.

C8. Operating costs allocated by type of cost

SEK '000	2011	2010
Remuneration cost to publishers	1,986,163	1,855,971
Employee costs	316,032	323,429
Depreciation and amortization	16,794	17,048
Other operating costs	166,653	188,479
Total	2,485,642	2,384,928

C9. Operating leases

Leasing where the Company is lessor

Non-terminable lease payments amount to:

SEK '000	2011	2010
Within one year	31,058	29,948
Between one and five years	41,113	60,381
Longer than five years	-	-
	72,171	90,329

The operating leases in the group are mainly related to rent for premises.

Costs for operating leases amounted to SEK 25,631,000 (34,124,000) for the group in 2011.

C10. Net financial items

SEK '000	2011	2010
Interest income on bank balances	1,207	766
Interest income, other	305	57
Financial income	1,512	823
Interest expenses on financial liabilities measured at amortised cost	-33	-1,134
Interest income, other	-1,286	-328
Changes in foreign exchange rates	-12,886	-9,385
Financial expenses	-14,205	-10,847
Net financial items	-12,693	-10,024

C11. Taxes

Recognised in the income statement

The company's tax expense is divided into the following components:

SEK '000	2011	2010
Current tax expense		
Tax expense for the period	-21,929	-19,175
Tax expense related to previous periods	6,374	3,368
Deferred tax expense		
Deferred tax in respect of temporary differences	-2,773	4,794
Deferred tax revenue in capitalised loss carrying forwards for tax purposes during the year	-	1,917
Deferred tax expense due to utilisation and revision of previous capitalised loss carryforwards for tax purposes.	-3,873	-911
Total	-22,201	-10,007

Deferred tax assets and tax liabilities recognised in the balance sheet

Deferred tax assets and tax liabilities are attributable to the following:

SEK '000	Deferred tax assets		Deferred tax liabilities		Net	
	2011	2010	2011	2010	2011	2010
Loss carryforwards	18,913	27,700	-	-	18,913	27,700
Other receivables	2,198	-	-	-	2,198	-
Other liabilities	-	-	-5,495	-5,495	-5,495	-5,495
Exchange difference recognised against equity	-	-	-	-5,638	-	-5,638
Other non-current assets	-	-	-2,130	-6,766	-2,130	-6,766
Deferred tax assets and tax liabilities	21,111	27,700	-7,625	-17,899	13,487	9,801

SEK '000	Capitalisation of loss carryforwards	Other receivables	Other liabilities	Exchange difference, increased net investment	Other non-current assets	Deferred tax assets and tax liabilities
Balance at Jan 1, 2010	28,831	-769	-5,495	-5,638	-11,960	4,969
Recognised via income statement	1,006	769	-	-	4,025	5,800
Translation difference	-2,137	-	-	-	1,169	-968
Balance at Dec 31, 2010	27,700	-	-5,495	-5,638	-6,766	9,801
Balance at Jan 1, 2011	27,700	-	-5,495	-5,638	-6,766	9,801
Recognised via income statement	-6,245	-	-	-	242	-6,003
Reclassification	-2,198	2,198	-	5,638	-	5,638
Translation difference	-343	-	-	-	-	-343
Discontinued operations	-	-	-	-	4,394	4,394
Balance at Dec 31, 2011	18,913	2,198	-5,495	-	-2,130	13,486

The tax expense for the year can be reconciled to profit before tax according to the following:

Reconciliation of effective tax for continued operations

	2011		2010	
	%	SEK '000	%	SEK '000
Profit before tax		114,367		82,814
Tax according to applicable tax rate for parent company	26.3	-30,079	26.3	-21,780
Effect of other tax rates for foreign subsidiaries	0.4	-444	1.5	-1,280
Adjustment of tax in respect of previous years	-5.6	6,374	-4.1	3,368
Non-deductible expenses	1.4	-1,651	2.1	-1,762
Non-taxable income	-0.1	68	-0.0	7
Capitalisation of loss carryforwards	0.0	0	-2.3	1,917
Utilisation of previous capitalised loss carryforwards	-	-	-4.7	3,884
Utilisation of previously not capitalised loss carryforwards	-5.6	6,452	-	-
Other	2.6	-2,923	-6.8	5,639
Effective tax/tax rate	19.4	-22,201	12.1	-10,007

Non-recognised deferred tax assets

Deductible temporary differences and loss carryforwards for tax purposes for which deferred tax assets have not been recognised in the income statement and balance sheet:

SEK '000	2011	2010
Loss carryforwards for tax purposes	11,305	36,963
Total	11,305	36,963

The value for tax purposes of capital loss carryforwards of SEK 18,913,000 and non-capital loss carryforwards of SEK 11,305,000, amounting to SEK 30,218,000 in total, have a perpetual term. For information on capital loss carryforwards, see notes to the consolidated financial statements C2 Critical estimates and judgements.

C12. Financial assets and liabilities distributed per category

SEK '000	2011			2010		
	Loans and receivables	Other financial liabilities	Total carrying amount	Loans and receivables	Other financial liabilities	Total carrying amount
Trade receivables	642,432		642,432	685,862		685,862
Cash and bank balances	290,745		290,745	209,744		209,744
Total financial assets	933,177	-	933,177	895,606	-	895,606
Trade payables		29,407	29,407		47,398	47,398
Liabilities to publishers		498,346	498,346		447,242	447,242
Total financial liabilities	-	527,753	527,753	-	494,640	494,640

Trade receivables, trade payables and liabilities that are measured at cost have short terms and thus fair value corresponds with the carrying amount.

C13. Intangible assets

SEK '000	Development expenses	Market and client-based assets	Goodwill	Other	Total
Accumulated acquisition costs					
Opening balance at Jan 1, 2010	45,037	86,514	543,144	1,816	676,511
Investments for the year	1,112	-	-	2,040	3,152
Sales/disposals	-13,626	-	-	-	-13,626
Translation difference	-1,512	-6,965	-44,337	-	-52,814
Closing balance at Dec 31, 2010	31,011	79,549	498,807	3,856	613,223
Opening balance at Jan 1, 2011	31,011	79,549	498,807	3,856	613,223
Investments for the year	16,505	-	-	9,323	25,828
Sales/disposals	-5,953	-79,549	-	-	-85,502
Translation difference	-	-	6,115	-	6,115
Closing balance at Dec 31, 2011	41,563	-	504,922	13,179	559,664
Accumulated amortisation and impairment losses					
Opening balance at Jan 1, 2010	-24,461	-29,994	-144,780	-	-199,235
Amortisation for the year	-8,379	-12,146	-	-71	-20,596
Sales/disposals	13,626	-	-	-	13,626
Translation difference	1,475	2,812	11,818	-	16,105
Closing balance Dec 31, 2010	-17,739	-39,328	-132,962	-71	-190,100
Opening balance at Jan 1, 2011	-17,739	-39,328	-132,962	-71	-190,100
Amortisation continued operations	-6,030	-	-	-2,375	-8,405
Amortisation discontinued operations	-	-11,086	-	-	-11,086
Sales/disposals	3,675	50,414	-	1,522	55,611
Translation difference	-	-	-1,630	-	-1,630
Closing balance Dec 31, 2011	-20,094	-	-134,592	-924	-155,610
Carrying amounts					
At Jan 1, 2010	20,576	56,520	398,364	1,816	477,276
At Dec 31, 2010	13,272	40,221	365,845	3,785	423,123
At Dec 31, 2011	21,469	-	370,330	12,255	404,054

Amortisation of intangible assets is included in administrative expenses. All intangible assets, aside from Goodwill, are amortised. For information regarding amortisation/depreciation methods, see notes to the consolidated accounts, C1 Accounting policies.

TradeDoubler changed its segment reporting in January 2011. Goodwill was re-allocated to the new operating segments in connection with this.

Goodwill is tested annually for impairment or as soon as there are indications of a decline in value. In 2011, this testing was based on value in use, i.e. discounted cash flows for the different operating segments. To support this impairment testing, an overall analysis has been performed of the sensitivity of the variables used in the model. An increase in WACC after tax of 2 percentage units combined with a decreased growth rate after the forecast period of a half percentage unit, each of which is reasonably likely, shows that a good margin still exists between recoverable amounts and carrying amounts. The management has therefore made the assessment that there was no further need for impairment of goodwill at the end of 2011.

In the discounted cash flow statements, a discount rate (WACC) is used based on the risk-free rate of interest plus a stock market premium. WACC before tax in the estimates for the seven cash-generating units on 31 December 2011 lies in the range 13.8 till 15.0 (15.2 to 16.4) per cent.

For estimation of future revenue and growth, external and internal assumptions are used. TradeDoubler's forecast period extends until 2020. The growth rate in the forecast period is in line with the outlook for the company's market. The growth rate after the forecast period is set at 2 (2) per cent per year. The forecast period exceeds five years since the market for internet marketing is a relatively new market and we expect strong growth over the next ten years.

Goodwill allocated per cash generating unit

SEK '000	2011	2010
North East	62,956	62,194
North West	37,033	36,585
Central	62,956	62,194
France	74,066	73,169
South East	51,846	51,218
South West	33,330	32,926
Technology	48,143	47,560
Total	370,330	365,845

C14. Property, plant and equipment

SEK '000	Equipment, tools, fixtures and fittings
Accumulated cost	
Opening balance Jan 1, 2010	69,232
Investments	5,494
Sales/Disposals	-5,946
Translation difference	-3,178
Closing balance Dec 31, 2010	65,602
Opening balance Jan 1, 2011	65,602
Investments	7,066
Sales/Disposals	-13,822
Translation difference	-125
Closing balance Dec 31, 2011	58,721
Accumulated depreciation	
Opening balance Jan 1, 2010	-47,807
Depreciation for the year	-9,334
Sales/Disposals	4,942
Translation difference	2,369
Closing balance Dec 31, 2010	-49,830
Opening balance Jan 1, 2011	-49,830
Depreciation for the year continued operations	-8,389
Depreciation for the year discontinued operations	-269
Sales/Disposals	10,633
Translation difference	102
Closing balance Dec 31, 2011	-47,753
Carrying amounts	
At Jan 1, 2010	21,425
At Dec 31, 2010	15,772
At Dec 31, 2011	10,968

C15. Prepaid expenses and accrued income

SEK '000	2011	2010
Rent of premises	7,975	7,599
Accrued income	9,303	2,353
Other	9,199	7,633
Total	26,477	17,585

C16. Shareholder's equity

Share capital

Share capital refers to the parent company's share capital. Each share carries one vote and those entitled to vote may vote for the full number of shares represented and owned without any restriction in voting rights. All shares carry equal rights to share in the Company's assets and profits and in any surplus on liquidation.

At December 31, 2011, TradeDoubler AB had a share capital of SEK 17.1 M, distributed among 42,807,449 shares, each share with a par value of SEK 0.40.

	Number of shares issued	Issued share capital
Reconciliation of number of shares		
Number of shares issued January 1, 2011*	42,807,449	17,122,983
Number of shares issued December 1, 2011*	42,807,449	17,122,983

* of which 130,000 shares are in own custody

Translation reserve

The translation reserve encompasses all exchange rate differences arising from the translation of financial statements of foreign operations that have prepared their financial statements in a currency other than the currency used to present the group's and parent company's financial statements, namely, Swedish kronor.

The translation reserve also includes exchange rate effects, net after tax, on lending and deposits to subsidiaries which are considered net investments in accordance with IAS 21 item 15. Since the underlying asset was sold during December, these reserves were returned over the group's other comprehensive income.

Retained earnings including net profit for the year

Retained earnings including net profit for the year includes profits earned in the parent company and its subsidiaries. Previous allocations to the statutory reserve, excluding transferred share premium reserves, are included in this equity item.

Dividend

The Board proposes to the Annual General Meeting 2012 of TradeDoubler AB an ordinary dividend of 1.0 (0.0) per share and an extra dividend of 0.50 (0.0) per share to the shareholders. The total dividend of SEK 1.50 per share corresponds to 70 percent of profit after tax for continuing operations.

Group capital management

Group capital under management is composed of shareholders' equity, which at the end of 2011 amounted to SEK 580.8 M (516.8) in total. The measures of the Company's capital structure used for control purposes are the Interest Coverage Ratio, defined as pre-tax profit, plus interest expense, divided by interest expense; and the Debt/Equity Ratio, defined as the total of interest-bearing liabilities and pension provisions less cash and cash equivalents and interest-bearing receivables, divided by shareholders' equity.

Buyback of shares

During 2008, the board decided to enact the authorization that was received at the annual general meeting 2008, to buy back the Company's own shares, for the purpose of ensuring obligations related to the performance share program 2008/2011.

As a result of that authorization, TradeDoubler has, on three occasions during 2008, bought back 130,000 shares at price intervals corresponding to the highest buying price and the lowest selling price on the Nasdaq OMX Stockholm Exchange. 65,000 shares were bought back at a price of SEK 112.50 per share, 13,000 shares at a price of SEK 50.00 per share, and 52,000 shares at a price of SEK 57.75 per share. This represented a total investment of SEK 11.1 M.

Total holdings of own shares amounts to 130,000 ordinary shares after buy-backs.

As the performance share programme 2008/2011 did not reach its growth targets, no allotment in the programme took place. The shares that were acquired for the performance share programme have been retained for potential outcomes of current or possible future long-term incentive plans, for more information regarding long-term incentive plans, see notes to the consolidated financial statements, C6 Share-based remuneration.

C17. Earning per share

Earnings per share

	2011	2010
Profit for the year attributable to the parent company's shareholders (SEK '000)	-50,904	61,334
Weighted average number of outstanding ordinary shares before and after dilution (thousands)	42,661	42,661
Earnings per share, before and after dilution	1.19	1.44

Earnings per share for continued operations

	2011	2010
Profit for the year attributable to the parent company's shareholders for continued operations (SEK '000)	92,166	72,807
Weighted average number of outstanding ordinary shares before and after dilution (thousands)	42,661	42,661
Earnings per share for continued operations, before and after dilution	2.16	1.71

Potential future dilution

Employee stock option programme 2008/2011 is not dilutive due to the fact that levels of earnings per share reached to date according to the vesting conditions of the employee stock option programs do not provide or could not provide holders with the right to exercise any options. Performance share programme adopted at the annual general meeting 2011 can give rise to a future dilution, the maximum outcome of the programme amounts to 200,000 shares in which 130,000 shares were available in own custody for allocation to participants (see description in the Notes to the Consolidated Financial Statements, C6 Share-based remuneration).

C18. Other liabilities

SEK '000	2011	2010
Prepayments from clients	160,789	170,692
VAT	18,030	30,801
Withholding tax and social security contributions	18,287	16,253
Other	30,664	43,577
Total	227,770	261,324

C19. Accrued expenses and deferred income

SEK '000	2011	2010
Holiday pay	16,240	10,619
Other payroll expenses	16,578	25,414
Search engine costs	6,313	27,190
Provision for rent, redundant premises	16,366	28,674
Other	26,857	29,649
Total	82,354	121,546

C20. Financial risks

Treasury policy

TradeDoubler's Treasury Policy is prepared with the aim of minimizing the group's financial risks. The policy is reviewed continuously and adopted by the board of directors. The responsibility for the group's financial transactions and risks rests with the group's central finance function.

Credit risks

Financial investments

Cash and cash equivalents are invested in bank accounts with large banks and credit institutions at the best possible bank interest rates. Trade in securities for speculative purposes must not occur. Counterparty risks are present in the financial investments, the company works actively to minimise the counterparty risks towards banks that are considered risky.

Customers

The group and the Company are exposed to credit risks, which arise primarily in connection with trade receivables. Trade receivables at year-end totaled SEK 642 M (686). New clients are subjected to credit rating reports, which provide the basis for credit and payment terms and conditions for each client. The credit rating reports provide an assessment of the clients' financial position, based on information compiled from various credit rating companies.

The group has established a credit policy that determines how clients are managed, with decision-making levels set for various credit limits. TradeDoubler's business model is based on advanced payment. In the event of any deviations, the company's credit policy serves as the basis for decision.

TradeDoubler has not noticed increased customer losses in any geographical area. However, the group management is monitoring the situation actively, particularly as regards Southern Europe. No specific risk concentration exists for any customer category.

The group's bad debt losses which arose during the year amounted to SEK 4,449,500 (4,976,300), net after reversal of publisher debt.

Provision for expected bad debt losses in the balance sheet amounted to SEK 12,080,000 (22,001,000).

In most cases a publisher is only paid when the customer has paid the invoice, thereby reducing the company's customer credit risk.

Maturity analysis, amount less doubtful debts

SEK '000	2011	2010
	Carrying amount	Carrying amount
Trade receivables not due	453,831	475,260
Trade receivables, due 0-30 days	130,991	144,219
Trade receivables, due 31-90 days	34,000	41,624
Trade receivables, due >90+ days	23,610	24,759
	642,432	685,862

Foreign exchange risk

Foreign exchange risks refer to the risk that changes in exchange rates may affect the consolidated income statement, balance sheet and cash flow statement. Foreign exchange risks exist in the form of transaction risk and translation risk. TradeDoubler is exposed to foreign exchange risk in 18 countries involving ten different currencies, with Euro (EUR) and British pounds (GBP) representing the majority share.

In 2011, approximately 49 (50) percent of the group's sales were made in EUR and approximately 33 (34) percent in GBP. In 2011, approximately 36 (32) percent of the group's costs were in EUR and approximately 18 (23) percent in GBP.

Transaction risk

Exposure attributable to exchange rate fluctuations in client and supplier invoices is limited since invoicing to customers and from suppliers largely occurs in local currency for all companies in the group.

TradeDoubler is also exposed to foreign exchange risk in the parent company's intra-group lending to subsidiaries which takes place in the subsidiary's currency, as well as deposits from subsidiaries of excess liquidity. Exchange rate differences due to deposits and lending from subsidiaries are recognised in the income statement. With the sale of the Search operations, the group has no items that are recognised as "increased (reduced) investments in subsidiaries".

Intra-group lending and deposits are not hedged.

Translation risk

Changes in foreign exchange rates impact the group's earnings on translation of the income statements of foreign subsidiaries to the group's presentation currency, SEK.

In connection with translation of the group's investments in foreign subsidiaries to the group's presentation currency, SEK, translation exposure arises which is recognised as a component of "other comprehensive income" (outside the income statement).

In the event of a weakening of the group's underlying currencies of 10 per cent, this would affect the company's profit before tax negatively by approx. SEK 6 M, of which SEK 4 M arises from the subsidiaries in Euro-countries, SEK 1 M

relates to the UK subsidiary and SEK 1 M to other foreign subsidiaries. If the company's underlying currencies weakened by 10 per cent at the end of the reporting period, it would weaken the consolidated equity by approx. SEK 11 M, of which SEK 8 M arises from the subsidiaries in Euro-countries, SEK 1 M relates to the UK subsidiary and SEK 2 M to other foreign subsidiaries in the group.

The group's net investments in foreign currency primarily involve EUR and GBP. Net investments in foreign currency are not currently hedged.

Interest risk

Interest risk refers to the risk that changes in market interest rates may affect the consolidated income statement and cash flow or the fair value of financial assets and liabilities. A significant factor affecting the interest risk is the fixed interest term. The group's interest rate exposure is managed centrally, which means that the finance function is responsible for identifying and managing this exposure.

In 2011, no interesting-bearing borrowing took place. Some interest risk remains due to financial investments but it is considered insignificant in relation to the group's financial position.

Liquidity risk

TradeDoubler works actively in order to minimise the group's liquidity risks. In most cases, a publisher is only paid when the customer has paid the invoice to TradeDoubler. TradeDoubler limits the liquidity risk in this way. Credit ratings are performed on all new clients and TradeDoubler normally requires advance payments from clients for whom adequate financial information is not available.

TradeDoubler also has counterparty risk related to the liquidity risks which are principally related to banks in existing markets. The prevailing uncertainty in Southern Europe is affecting a number of the banks that the group is working with. The group management continually monitors the risk level of the banks concerned and worked actively in 2011 to minimise the exposure to the banks that are considered risky. TradeDoubler took further steps in early 2012 to limit the counterparty risk by reducing the number of banks that the group works with and by centralising liquidity to the parent company. This work will be completed during the year.

Duration analysis, financial liabilities

SEK '000	Currency	2011			2010		
		Nom.amount original currency	Total	Within one month	Nom.amount original currency	Total	Within one month
Trade payables		-	29,407	29,407	-	47,398	47,398
Short-term liabilities to publishers		-	498,346	498,346	-	447,242	447,242
Total		-	527,753	527,753	-	494,640	494,640

C21. Pledged assets and contingent liabilities

SEK '000	2011	2010
Pledged assets		
Rental deposits	3,549	2,179
Total pledged assets	3,549	2,179
Contingent liabilities	None	None

C22. Transactions with related parties

Transactions with related parties are priced on commercial terms. The group has during the year had transactions between the parent company and its subsidiaries. The transactions consist primarily of license invoices from the parent company to the subsidiaries. See further description in Notes to the Parent company's financial statements, M15 Investments and M22 Transactions with related parties.

Transactions with key people in executive positions

No transactions with key people in executive positions have taken place during the year except the ones specified in the Notes to the Consolidated Financial Statements, Note C4 Remuneration to employees, group management and board of directors and Note C6 Share-based remuneration.

C23. Cash flow statement, supplementary information

Cash and cash equivalents

SEK '000	2011	2010
The following sub-components are included in cash and cash equivalents		
Cash and bank balances	290,745	209,744
Total according to the balance sheet	290,745	209,744
Total according to the cash flow statement	290,745	209,744

SEK '000	2011	2010
Interest received	1,512	823
Interest paid	-1,319	-1,638

Adjustment for items not included in the cash flow

SEK '000	2011	2010
Depreciation and amortization	16,794	17,061
Other	-696	-934
	16,098	16,127

C24. Events after the balance sheet date

In March 2012 TradeDoubler announced that Erik Skånsberg will leave his position as CFO in TradeDoubler. He will stay in the company until August 2012.

C25. Discontinued operations

On 20 December, the company management announced the board's decision to sell the Search market unit to NetBooster SA. The operation was divested in full and the deal was concluded on 20 December.

The market unit did not fulfil the goals that the board had for the operation and the board's view is that a divestment will strengthen the group's future competitiveness and enable the company management to focus more clearly on the core business.

In connection with the divestment, a cooperation agreement was signed with the NetBooster Group in order to continue taking advantage of a comprehensive range to customers while offering NetBooster a greater range of services.

The operation displayed a negative operating result and the purchaser took over the operation and its future contracted undertakings. The agreed purchase price of 1 should be considered together with the negative result that the operation displayed and the shared undertaking to continue supplying a better offering in conjunction with NetBooster.

The capital loss amounted to SEK -146.9 M, which mostly consisted of a reversal of increased net investment of SEK-98.1 M and translation difference in equity of SEK -3.8 M that were both reversed in the consolidated statement of comprehensive income. The capital loss also included impairment of client relations that arose in connection with the acquisition of the Search operations amounting to SEK -28.3 M and transaction costs of SEK -7.0 M. Total affect on equity from the transaction was SEK -45.0 M.

SEK '000	2011	2010
Net sales	343,990	362,302
Cost of goods sold	-312,178	-325,682
Gross profit	31,812	36,620
Selling expenses	-27,407	-28,655
Administrative expenses	-12,129	-18,276
Operating profit	-7,724	-10,311
Financial income	454	-1,162
Financial expenses	-183	-
Net financial items	270	-1,162
Profit before tax	-7,454	-11,473
Tax	11,272	-
Net profit excl capital loss for the year for discontinuing operations	3,818	-11,473
Capital loss	-146,887	-
Net profit for the year for discontinuing operations	-143,069	-11,473
Other comprehensive income		
Net profit from discontinued operations	-143,069	-11,473
Translation difference on equity, net after tax	311	-842
Exchange difference on increased net investment, net after tax	-8,130	-21,449
Reversal of translation difference on equity, net after tax	3,765	-
Reversal of exchange difference on increased net investment, net after tax	98,077	-
Total other comprehensive income from discontinued operations	-49,046	-33,764

Parent company income statement

SEK '000	Note	2011	2010
Net sales	P3	193,554	151,554
Cost of goods sold		-7,931	-11,336
Gross profit		185,623	140,218
Selling expenses		-6,010	-8,941
Administrative expenses		-119,216	-140,766
Research & development expenses		-32,140	-31,714
Operating profit	P4, P5, P6, P7, P8	28,257	-41,203
Profit from financial items			
Profit from participations in group companies		-365,210	7,209
Other interest income and similar income statement items		5,498	47,445
Interest expenses and similar income statement items		-3,801	-5,235
Net financial items	P9	-363,513	49,418
Profit before tax		-335,256	8,215
Tax	P10	-113	-2,424
Net profit for the year		-335,369	5,791

Statement of comprehensive income

Profit for the year	-335,369	5,791
Other comprehensive income		
Exchange difference on increased net investment, net after tax	-8,130	-21,449
Reversal of exchange difference on increased net investment, net after tax	98,077	
Total other comprehensive income	89,947	-21,449
Total comprehensive income for the year	-245,422	-15,658

Parent company balance sheet

SEK '000	Note	Dec 31, 2011	Dec 31, 2010
Assets	P11		
Non-current assets			
Intangible assets	P12	26,601	3,785
Equipments, tools, fixtures and fittings	P13	5,521	10,735
Participations in group companies	P14, P15	206,327	57,038
Non-current receivables from group companies		-	330,372
Total non-current assets		238,449	401,930
Current assets			
Trade receivables		6,339	3,633
Receivables from group companies		157,307	301,098
Tax receivables	P10	7,191	4,435
Other receivables		3,327	3,742
Prepaid expenses and accrued income	P16	7,773	7,349
Cash and cash equivalents		52,224	41,888
Total current assets		234,161	362,145
Total assets		472,610	764,075
Equity and liabilities			
Shareholders' equity	P17		
Restricted equity			
Share capital		17,123	17,123
Statutory reserve		89,022	89,022
Non-restricted equity			
Share premium reserve		352,540	352,540
Fair value reserve		-	-89,947
Retained earnings		150,881	144,899
Net profit for the year		-335,369	5,791
Total equity		274,198	519,428
Current liabilities			
Trade payables		10,299	10,843
Liabilities to group companies		71,119	121,941
Other liabilities	P18	97,111	90,960
Accrued expenses and deferred income	P19	19,883	20,904
Total current liabilities		198,412	244,647
Total equity and liabilities		472,610	764,075
Pledged assets	P21	None	None
Contingent liabilities	P21	6,939	137,472

Parent company changes in equity

SEK '000	Restricted			Non-restricted			Total equity
	Share capital	Paid-up, nonregistered share capital	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings incl. net profit for the year	
Opening balance at January 1, 2010	11,433	5,674	89,022	352,108	-68,498	144,899	534,638
Comprehensive income							-
Net profit for the year						5,791	5,791
Other comprehensive income							-
Exchange difference on increased net investment, net after tax ¹					-21,449		-21,449
Total other comprehensive income					-21,449	-	-21,449
Total comprehensive income					-21,449	5,791	-15,658
Transactions with shareholders							
Rights issue	5,690	-5,674		432		-	448
Opening balance at January 1, 2011	17,123	-	89,022	352,540	-89,947	150,690	519,428
Comprehensive income							-
Net profit for the year						-335,369	-335,369
Other comprehensive income							
Exchange difference on increased net investment, net after tax ²					-8,130		-8,130
Reversal of exchange difference on increased net investment, net after tax ³					98,077		98,077
Total other comprehensive income					89,947	-	89,947
Total comprehensive income					89,947	-335,369	-245,421
Transactions with shareholders							
Share-based payments settled with equity instruments						191	191
Closing balance at December 31, 2011	17,123	-	89,022	352,540	-	-184,488	274,198

¹ Change in value for the year amounted to SEK 29,103,000, of which SEK -7,654,000 was tax.

² Change in value for the year amounted to SEK -11,031,000, of which SEK 2,901,000 was tax.

³ Reversal of exchange difference is attributable to the sale of the underlying subsidiary that the net investment was related to, for more information see note P15 Investments and notes to the Consolidated Financial Statements C25 Discontinued activities.

Parent company cash flow statement

SEK '000	Note	2011	2010
Operating activities	P23		
Profit before tax		-335,256	8,215
Adjustment for items not included in the cash flow		448,533	17,582
Taxes paid		991	-86
Cash flow from operating activities before changes in working capital		114,268	25,711
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-35,500	3,250
Increase (-)/Decrease (+) in operating liabilities		-51,273	-52,813
Cash flow from operating activities		27,495	-23,852
Investing activities			
Net investments in intangible assets		-24,134	-2,040
Net investments in property, plant and equipment		-3,772	-3,811
Sales of property, plant and equipment		3,070	-
Repayment of shareholders' contribution		7,646	-
Divestment of shares		82	-
Investment in shares		-51	-
Cash flow from investing activities		-17,159	-5,851
Financing activities			
Rights issue		-	42,820
Amortization of loans		-	-242,065
Cash flow from financing activities		-	-199,245
Cash flow for the year		10,336	-228,948
Cash and cash equivalents at the beginning of the year		41,888	270,836
Cash and cash equivalents at the end of the year		52,224	41,888

P1. Accounting policies

The parent company has prepared its annual accounts and consolidated accounts according to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities. RR 2 means that the parent company, in the annual accounts for the legal entity, shall apply all EU adopted IFRS and statements whenever possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between recognition and taxation. The recommendation states which exemptions and amendments from IFRS should be utilised. Statements issued by the Swedish Financial Reporting Board are also applied.

Differences between the accounting policies of the group and the parent company

The differences between the accounting policies applied by the group and the parent company are shown below. The accounting policies set out for the parent company below have been applied consistently for all periods presented in the parent company's financial statements.

Classification and format

The parent company's income statement and balance sheet are prepared according to the Swedish Annual Accounts Act's layout. The difference in relation to IAS 1: Presentation of financial statements that was applied in the presentation of the consolidated financial statements is mainly in recognition of financial income and expenses, non-current assets and shareholders' equity, discontinued operations and the presence of provisions as a separate heading in the balance sheet.

Subsidiaries

Participations in subsidiaries are recognised in accordance with the cost method.

Group contributions and shareholders' contributions for legal entities

The parent company reports group contributions and shareholders' contributions in accordance with the Swedish Financial Reporting Board's statement, UFR 2. Group contributions are recognised according to their financial effects. The company has chosen to account for group contributions paid and received in the income statement.

Shareholders' contributions are carried directly against equity in the case of the receiver and capitalised as shares and participations by the grantor, to the extent that impairment is not required.

P2. Critical estimates and judgements

The parent company mainly has intangible assets that are affected by estimates and judgements. For information regarding critical estimates and judgements in the annual accounts see the note to the Consolidated accounts, C2 Critical estimates and judgements.

P3. Distribution of revenue

SEK '000	2011	2010
Revenues Transaction	7,775	11,163
Other revenue	3,425	3,241
License fees	182,354	137,150
Total revenue	193,554	151,554

P4. Remuneration to employees

Average number of employees	2011		2010	
	men (%)		men (%)	
Sweden	76	64	81	63

Remunerations and social security contributions

	Salaries and other remuneration	
	2011	2010
Salaries and remuneration	58,200	62,807
of which share-based payments	(191)	-
Social security contributions	24,307	24,585
of which pensions	(6 372)	(6 847)

For further information regarding remuneration to the board and company management and the remuneration policies within the group, see notes to the consolidated statements, Note C5 Remuneration to employees, group management and board of directors.

P5. Share-based remuneration

Performance-Based Share Programme 2011

The parent company has in 2011 reported a cost of SEK 191,000 for the long-term incentive plan that was decided at the annual general meeting 2011.

For more information regarding the share-based remunerations in the group, see notes to the consolidated statements, Note C6 Share-based remuneration.

P6. Remuneration for auditor

SEK '000	2011	2010
Ernst & Young		
Audit assignments	1,142	3,895
Audit related fees	-	-
Tax services	-	75
Other assignments	244	243
Total	1,386	4,213

Audit assignments refers to the examination of the annual accounts, the consolidated accounts and accounting records as well as the administration of the board of directors and the CEO, other duties that the Company's auditors are obliged to perform as well as advice or other assistance arising from observations during such examination and implementation of such duties. In addition, the auditor reviewed the corporate governance report. The auditor has also reviewed the interim report for the period January-September 2011 and has been retained for certain advice, most of which pertained to audit-related consultations regarding accounting and tax matters.

P7. Operating costs allocated by type of cost

SEK '000	2011	2010
Remuneration cost to publishers	-7,931	-11,336
Employee costs	-87,608	-97,390
Depreciation and amortization	-7,235	-6,064
Other operating costs	-62,523	-77,967
Total	-165,297	-192,757

P8. Operating leases

Leasing where the Company is lessor

Non-terminable lease payments amount to:

SEK '000	2011	2010
Within one year	10,439	9,881
Between one and five years	-	19,556
Longer than five years	-	-
	10,439	29,437

The operating leases in the group are mainly related to rent for premises. Costs for operating leases amounted to SEK 10,439,000 (10,369,000).

P9. Net financial items

SEK '000	2011	2010
Dividends from group companies	73,358	7,209
Group contributions to Parent company	5,600	-
Interest income, group companies	5,252	6,679
Interest income, other	246	511
Change in foreign exchange rates	-	40,255
Financial income	84,457	54,654
Write-down of investments in subsidiary companies	-339,000	-
Losses on sales of participations in subsidiary companies*	-105,168	-
Interest expense, group companies	-3,179	-3,945
Interest expense, other	-21	-1,290
Change in foreign exchange rates	-602	-
Financial expenses	-447,970	-5,235
Net financial items	-363,513	49,418

* Losses on sales of participation in group companies consists mainly of a reversal of exchange difference that has previously been recognized against equity.

During the year, an inter-company loan was converted to shares in subsidiaries in order to minimise non-deductible interest expenses in the Group. The value of these shares has been tested and an impairment has been made.

P10. Taxes

The company's tax expense is divided into the following components:

SEK '000	2011	2010
Current tax expense		
Tax expense for the period	-6,663	-469
Tax expense related to previous periods	6,550	-1,955
Total	-113	-2,424

The tax expense for the year can be reconciled to profit before tax according to the following:

	2011		2010	
	%	SEK '000	%	SEK '000
Profit before tax		-335,256		8,215
Tax according to applicable tax rate	26.3	88,172	26.3	-2,161
Adjustment of tax in respect of previous years	2.0	6,550	23.8	-1,955
Non-deductible expenses	-3.1	-10,474	2.5	-204
Non-taxable income	6.2	20,788	-23.1	1,896
Non-deductible expenses related to sales of participations in subsidiary companies	-31.4	-105,150	2.5	-
Effective tax/tax rate	0.0	-113	29.5	-2,424

Parent Company har inga temporära skillnader redovisade i balansräkningen för räkenskapsåren 2010 och 2011.

P11. Financial assets and liabilities distributed per category

SEK '000	2011			2010		
	Loans and receivables	Other financial liabilities	Total carrying amount	Loans and receivables	Other financial liabilities	Total carrying amount
Trade receivables	6,339		6,339	3,633		3,633
Receivables from group companies	157,307		157,307	631,470		631,470
Cash and bank balances	52,224		52,224	41,888		41,888
Total financial assets	215,870	-	215,870	676,991	-	676,991
Liabilities to group companies		71,119	71,119		121,941	121,941
Trade payables		10,299	10,299		10,843	10,843
Total financial liabilities	-	81,418	81,418	-	132,784	132,784

Trade receivables, trade payables, other current receivables and liabilities that are measured at cost have short terms and thus fair value corresponds with the carrying amount.

P12. Intangible assets

SEK '000	Development expenses
Accumulated acquisition costs	
Opening balance at Jan 1, 2010	1,816
Investments for the year	2,040
Closing balance at Dec 31, 2010	3,856
Opening balance at Jan 1, 2011	3,856
Investments for the year	24,135
Closing balance at Dec 31, 2011	27,991
Accumulated amortisation	
Opening balance at Jan 1, 2010	-
Amortisation for the year	-71
Closing balance Dec 31, 2010	-71
Opening balance at Jan 1, 2011	-71
Amortisation for the year	-1,318
Closing balance Dec 31, 2011	-1,389
Carrying amounts	
At Jan 1, 2010	1,816
At Dec 31, 2010	3,785
At Dec 31, 2011	26,601

P13. Property, plant and equipment

SEK '000	Equipment, tools, fixtures and fittings
Accumulated cost	
Opening balance Jan 1, 2010	37,869
Investments	3,811
Sales/Disposals	-432
Closing balance Dec 31, 2010	41,248
Opening balance Jan 1, 2011	41,248
Investments	3,772
Sales/Disposals	-9,130
Closing balance Dec 31, 2011	35,891
Accumulated depreciation	
Opening balance Jan 1, 2010	-24,521
Depreciation for the year	-5,992
Sales/Disposals	-
Closing balance Dec 31, 2010	-30,513
Opening balance Jan 1, 2011	-30,513
Depreciation for the year	-5,917
Sales/Disposals	6,060
Closing balance Dec 31, 2011	-30,370
Carrying amounts	
At Jan 1, 2010	13,348
At Dec 31, 2010	10,735
At Dec 31, 2011	5,520

P14. Financial assets

SEK '000	2011	2010
Accumulated acquisition costs		
Opening balance	57,038	56,742
Acquisitions and stock issues in subsidiaries	495,986	296
Avyttring av dotterbolag	-100	-
Repayment of shareholders' contribution	-7,597	-
Write-down of shares in subsidiaries	-339,000	-
Closing balance Dec 31, 2011	206,327	57,038

P15. Investments

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

Subsidiary	Corporate registration number	Registered office	Number of shares	Participation as %	Book value	
					Dec 31, 2011	Dec 31, 2010
TradeDoubler Ireland Ltd	422593	Dublin	1	100	7	7
TradeDoubler OY	777468	Helsingfors	100	100	4,269	4,269
TradeDoubler A/S	25137884	Köpenhamn	125	100	5,772	5,772
TradeDoubler LDA	507810007	Lissabon	1	100	46	46
TradeDoubler Ltd	3921985	London	5,000	100	160,061	3,126
TradeDoubler Espana SL	882666892	Madrid	100	100	62	62
TradeDoubler BVBA	874694629	Mechelen	371	100	172	172
TradeDoubler Srl	210954 (rep)/26762 (Rac)	Milano	1	100	2,683	2,683
TradeDoubler LLC	7707589545	Moskva	1	100	4,247	4,247
TradeDoubler GmbH	76167/URNr R181/2001	München	1	100	8,235	8,235
TradeDoubler AS	982006635	Oslo	1,000	100	7,957	7,957
The Search Works SARL	501439194	Paris	1,000	100	71	71
TradeDoubler SARL	B431573716 (2000B08629)	Paris	500	100	119	119
TradeDoubler BV	20100140	Rotterdam	40	100	189	189
TradeDoubler Services AB	556695-6511	Stockholm	1,000	100	10,000	10,000
TradeDoubler Digital Media AB	556745-5422	Stockholm	1,000	100	-	100
TradeDoubler International AB	556833-1200	Stockholm	500	100	51	-
TradeDoubler Media AB	556745-5414	Stockholm	1,000	100	100	100
TradeDoubler Software AB	556745-2999	Stockholm	1,000	100	100	100
TradeDoubler Sweden AB	556592-4007	Stockholm	1,000	100	1,103	1,103
UAB TradeDoubler	1411537	Vilnius	100	100	36	36
TradeDoubler Sp zoo	015792506	Warszawa	1,000	100	114	114
TradeDoubler Austria GmbH	FN296915	Wien	1	100	324	324
TradeDoubler AG	CH020.3.3.028.851-0	Zürich	997	100	609	8,206
					206,327	57,038

P16. Prepaid expenses and accrued income

SEK '000	2011	2010
Rent of premises	2,050	2,003
Other	5,723	5,346
Total	7,773	7,349

P17. Shareholders' equity**Share capital**

Share capital refers to the parent company's share capital. Each share carries one vote and those entitled to vote may vote for the full number of shares represented and owned without any restriction in voting rights. All shares carry equal rights to share in the Company's assets and profits and in any surplus on liquidation.

At December 31, 2011, TradeDoubler AB had a share capital of SEK 17,1 M distributed among 42,807,449 shares, each share with a par value of SEK 0.40.

Reconciliation of number of shares	Number of shares issued	Issued share capital
Number of shares issued January 1, 2011*	42,807,449	17,122,983
Number of shares issued December 31, 2011*	42,807,449	17,122,983

* of which 130,000 shares are in own custody

P18. Other liabilities

SEK '000	2011	2010
Current liabilities to publishers	90,855	85,386
Withholding tax and social security contributions	5,106	4,458
Other	1,149	1,115
Total	97,111	90,960

P19. Accrued expenses and deferred income

SEK '000	2011	2010
Holiday pay	3,387	3,424
Other payroll expenses	10,254	7,986
Other	6,242	9,494
Total	19,883	20,904

P20. Financial risks**Financial risks and risk management**

TradeDoubler's financial risk management is handled and monitored at Group level. For more information regarding the financial risks, see notes to the Consolidated statements, Note C20 Financial risks.

P21. Pledged assets and contingent liabilities

SEK '000	2011	2010
Pledged assets	None	None
Contingent liabilities	6,939	137,472

Contingent liabilities consists of performance guarantees to subsidiaries.

P22. Transactions with related parties

Transactions with related parties are priced on commercial terms.

Transactions with related parties for TradeDoubler AB mainly consists of licensing fees corresponding to SEK 182.4 M (137.1), invoiced by the parent company to subsidiaries and other revenue of SEK 3.4 M (3.3). The parent company's receivables from subsidiaries amounted to SEK 140.1 M (639.1) and include financing in connection with the purchase of the IMW Group. The parent company's liabilities to subsidiaries amount to SEK 162.5 M (122.6). Receivables and liabilities from subsidiaries have been netted off in the balance sheet.

Transactions with key people in executive positions

No transactions with key people in executive positions have taken place during the year except the ones specified in the notes to the Consolidated statements, Note C4 Remuneration to employees, group management and board of directors and Note C5 Share-based remuneration.

P23. Cash flow statement, supplementary information

Cash and cash equivalents

SEK '000	2011	2010
The following sub-components are included in cash and cash equivalents		
Cash and bank balances	52,224	41,888
Total according to the balance sheet	52,224	41,888
Total according to the cash flow statement	52,224	41,888

SEK '000	2011	2010
Interest received	5,498	1,233
Interest paid	-3,200	-1,290

Adjustment for items not included in the cash flow

SEK '000	2011	2010
Depreciation and amortization	7,235	6,064
Write-down of investments in subsidiary companies	339,000	-
Reversal of exchange difference on increased net investment, net after tax	98,077	
Other	4,221	11,518
	448,533	17,582

P24. Events after the balance sheet date

In March 2012 TradeDoubler announced that Erik Skånsberg will leave his position as CFO in TradeDoubler. He will stay in the company until August 2012.

The undersigned assure that the consolidated financial statements and annual report have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU, and pursuant to generally accepted accounting standards and provide a true and fair view of the group's and parent company's operations, financial position and results of operations and describe significant risks and uncertainties facing the group. The consolidated income statement and statement of financial position and the parent company's income statement and balance sheet are subject to approval by the annual general meeting to be held on May 8, 2010.

Stockholm, April 4, 2012

Mats Sundström
Chairman of the Board.

Kristofer Arwin
Board Member

Martin Henricson
Board Member

Martina King
Board Member

Caroline Sundewall
Board Member

Simon Turner
Board Member

Heléne Vibbleus Bergquist
Board Member

Urban Gillström
President and Chief Executive Officer

Our Audit report was submitted on April 4, 2012
Ernst & Young AB

Thomas Forslund
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of TradeDoubler AB (publ),
corporate identity number 556575-7423

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of TradeDoubler AB (publ) for the year 2011, except for the corporate governance statement on pages 18–29. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 6–58.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 18–29. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statements and balance sheets of the parent company and the income statement and the statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of TradeDoubler AB (publ) for the year 2011. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 18–29 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm as of April 4, 2012
Ernst & Young AB

Thomas Forslund
Authorized Public Accountant

Definitions and glossary

Definitions

Capital employed

Total assets less current and long-term noninterest-bearing liabilities, including deferred tax liabilities.

EBITDA

EBITDA is revenue before tax, net financial items and depreciation/amortization and impairment.

EBITDA-margin

EBITDA as a percentage of revenue.

Equity/assets ratio - Shareholders' equity as a percentage of total assets.

Net margin

Profit after tax as a percentage of sales.

Operating margin

Operating profit as a percentage of revenue.

Percentage of risk-bearing capital

Total of shareholders' equity, minority interests, shareholder loans and deferred tax liabilities divided by total assets.

Price/equity ratio

Price of the share divided by shareholders' equity per share.

P/E ratio

Share price divided by revenue for the year per share.

Return on shareholders' equity

Revenue for the period as a percentage of the average shareholders' equity, calculated as open and closing shareholders' equity divided by two.

Return on capital employed

Operating profit plus interest income as a percentage of average capital employed, calculated as opening and closing capital employed divided by two.

Revenue per share

Revenue of the year divided by the average number of shares.

Revenue per share after full dilution

Revenue of the year divided by the average number of shares after full dilution.

Glossary

Affiliate

Describes a website that through advertisements generates online traffic of Internet visitors to the advertising company's website.

Affiliate network

A system in which advertisers that want to increase sales via the Internet are matched together with website owners who wish to increase their advertising revenue through so-called affiliate programs.

Affiliate marketing

A form of performance based Internet advertising in which online publishers advertise in return for compensation based on specific actions of Internet users – such as clicking, user registration or purchase, in response to their advertisements.

Affiliate program

An agreement in which advertisers pay a fee to the publisher to forward traffic to the advertiser's website.

Cost-per-action (CPA)

A price model in which advertisers pay a fee based either on the sale of advertised products or a number of specific activities such as leads – primarily registration – that their advertisement generates.

Cost-per-click (CPC)

A price model in which advertisers pay a fee based on the number of clicks or unique visitors that their advertisements generate.

Cost-per-lead (CPL)

Means that the advertiser pays a fee based either on the number of leads – primarily registration – that their advertisements generate.

Cost-per-thousand impressions (CPM)

A price model in which the advertisers pay a fee based on the number of times the advertisement is displayed.

E-mail publishers

Use e-mail to send targeted offers to a recipient list.

Keyword publishers

Do not always have an own website but use search engines to initiate display of advertisements and to generate Internet traffic for advertisers. This is carried out primarily through purchasing keywords via a search engine that then sends to the advertisers.

Performance-based

A general term for online marketing activities in which publishers only receive payment when a predetermined transaction is generated.

Premium websites

(Also referred to as loyalty websites) Websites with relatively large traffic volumes that generate sales through offers to members from advertisers. Users regain part of the sales value in the form of money, bonus points or discounts.

Portals

Websites that serve as an entrance (portal) and offer a broad content and large traffic volume. There are many links at a portal, a search engine and other services, for example, free e-mail or filtering or blocking services.

Publisher

(Also referred to as an affiliate) Websites that agree to display advertisements and generate online traffic of Internet visitors to the advertising company's website.

Search-engine-optimised publishers

Own websites that use search engines, for example Google and Yahoo!, combined with own know-how about search engines to display the advertiser at the top of the list of the search results.

Tracking

The process and method used to follow up website traffic, primarily through the use of cookies.

Vertical websites

(Also referred to as content websites) Websites with lower traffic volumes that focus on online users with specific demographic features or special interests.

