TIE Holding NV

Annual Report

for the financial year 2002

Important Information

Investors in the Ordinary Shares are reminded that their investment carries financial risks. Investors should therefore take careful notice of the entire contents of and disclosures in this Report and the Annual Accounts 2002 (October 1, 2001-September 30, 2002).

Cautionary Statement on Forward Looking Information

Certain statements contained in this Report are “forward looking statements”. Such statements can be identified by among others:

- The use of forward looking wording such as ”believes”, “expects”, “may”, “anticipates” or similar expressions,
- By discussion of strategy that involves risks and uncertainties, and
- By discussions of future developments with respect to the business of TIE Holding NV.

In addition, from time to time, TIE Holding NV, or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward looking statements may be included in, but are not limited to, press releases or oral statements made by or with approval of an authorized executive officer of TIE Holding NV.

Forward looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied in such statements. Important factors which could cause actual results to differ materially from the information set forth in any forward looking statements include, but are not limited to:

- General economic conditions
- Performance of financial markets
- Levels of interest rates
- Currency exchange rates
- Changes in laws and regulations
- Changes in policies of Dutch and foreign governments, and
- Competitive factors, in each case on a national and/or global scale
- TIE’s ability to attract and retain qualified management and personnel
- TIE’s ability to successfully complete ongoing Research & Development efforts
- TIE’s ability to integrate acquisitions and manage the continuous growth of the Company

Many of these factors are beyond TIE Holding NV’s control or ability to predict. Given these uncertainties, investors are cautioned not to place undue reliance on any forward-looking statement.

TIE Holding NV

Annual Report

for

the financial year 2002

October 1, 2001 - September 30, 2002

Financial Highlights

(EUR in thousands except number of employees and per share amounts)

	2002	2001
Financial Results		
Revenue – Third Party	14,141	19,622
EBITDA	9	(6,506)
Depreciation & Amortization	(4,523)	(8,583)
Net Result	(4,902)	(16,055)
Shareholders' Equity		
Total Assets	13,869	20,556
Total Shareholders' Equity	3,809	9,368
Employees (expressed as full time equivalents)		
Average Number of Employees in Group Companies	154	249
Per Share of Ordinary Shares		
Net Result	(0.31)	(1.10)
Shareholders' Equity	0.24	0.64
Number of shares outstanding	15,699,646	15,699,646
Weighted average number of shares outstanding	15,699,646	14,636,000
Share price		
Introduction (March 2, 2000)	10.00	
Last Trading Day in financial year	0.50	0.55
Highest	1.29	9.70
Lowest	0.41	0.40

Letter to the Shareholders

"2002 was a year for TIE to focus on matching expense levels with the revenue opportunities. After successfully concluding new financing agreements in August 2001, we were able to trim the Dutch organization to a size that was in line with the opportunities the market was offering. The dramatic events of September 11, 2001 prompted us to scale back the US organization as well, since we foresaw a decline of revenue in the US. These measures proved successful and ensured that in spite of a decline in revenue, we were able to be EBITDA positive in 2002.

Throughout the year we have focused on streamlining our internal organization to benefit as much as possible from the synergies between our operations in the USA and Europe. We launched a number of new products throughout the year. The most important were TIE Integrator, our Java based any-to-any data transformation product, webCommerce our web based interactive low-end solution and the ASP service 'TiedByTIE'.

Our efforts were aimed at creating financial and organizational stability and this was achieved. We are now ready to growing our revenue again, both through organic growth and acquisitions. In addition, TIE has signed a Global Reseller agreement that has the potential to generate revenue to grow the Company. TIE is focusing on Business-to-business Integration at its clients, which have now put this high on the corporate agenda as a way to save costs, although in an unstable economic climate these clients might postpone large investments or rather break them up in little pieces. For those companies that have not started to integrate their business processes with those of their partners, the barrier for entry might be high.

The long-term business model and positioning of TIE are good, but we cannot predict the pace at which companies will be able to do business electronically. We can see that in general, companies realize that this is a good way to create efficiency once the first obstacles have been removed. With a portfolio of products and services aimed at helping companies to not only take the first steps in eCommerce, but also grow into a sophisticated eCommerce set up, TIE is well positioned to expand its operations and develop its market position in the B2Bi segment in Europe."

Drs. Th.H. Raman,
CEO & President, TIE Holding NV

Report from the Supervisory Board

To the annual general meeting of shareholders,

We hereby present the financial statement of TIE Holding N.V for the fiscal year 2002. The Board of Directors has prepared the annual accounts for the financial year 1st October 2001 to 30th September 2002 for approval and adoption by the Annual General Meeting of shareholders. Ernst and Young Accountants have examined the financial statements and their report is included in this annual report.

We would characterize the year as one of stabilization for the Company with the focus on the control of costs and the attainment of the target to have a positive EBITDA for the year. Both objectives were successfully achieved although throughout the year the achievement of revenue has remained difficult both in Europe and in the USA.

Effective cash management, the need to raise additional working capital and to re-negotiate the terms of the current financing arrangements have required significant attention, energy and time from the Board of Directors throughout the year. This effort has been successful and resulted in the accumulation of sufficient working capital to meet the planned requirements. Improved terms were also secured for the repayments of outstanding debt.

The achievement of financial stability together with the opportunities for revenue growth forms an excellent base for the future. This is reflected in the current plan.

The Board is currently working on proposals for policies on Audit Committee and Remuneration Committee.

At the Annual Shareholder Meeting held on the 13th February 2002 Drs. M. Arentsen RA resigned as a member of the Supervisory Board and Mr. Bauke Geersing was elected to the board. We warmly welcome Bauke Geersing who brings to the Board his considerable legal and Supervisory Board experience.

Although the marketplace remains difficult and the financial environment constrained, we are confident that the Company is well placed to meet the challenges that face us. We recommend that the Annual General Meeting of the shareholders adopt the 2002 annual accounts as submitted and discharge the Board of Directors for its conduct of affairs and the Supervisory Board for its supervision during the financial year.

Amsterdam, January 31, 2002

The Supervisory Board,

D.J. Hobart (Chairman)

J.W. Cutts

Mr. B. Geersing

Company Profile

TIE is an international B2B Integration software company, established in 1987 and since March 2000 listed on the EuroNext Amsterdam Stock Exchange. In January 2002 TIE was included in the NextEconomy Index. TIE provides state-of-the-art software tools and in-depth expertise to TIE subsidiaries and resellers all over the world. These local Solution Providers help companies to do business electronically in order to improve the efficiency and effectiveness of their business processes and to lower their costs. TIE's main solutions in the 'Enterprise Portal Framework' allow companies to integrate their back-office processes to those of their trading partners and to manage product information. Since the TIE solutions are based on years of EDI as well as XML experience, TIE customers can reap the benefit of true open trading. TIE has a broad customer base in the Netherlands, Belgium and the USA and is well represented in Europe, Latin America and Asia.

Vision Statement

"By using the Internet as the platform to 'TIE' your business processes to those of your trading partners, companies will realize dramatic improvements in efficiency and build the foundation for ongoing success in business-to-business eCommerce."

The essence of TIE's vision has been consistent ever since the emergence of the Internet in 1995. Only today we see that companies in general share this vision, although it will take many years before they will have implemented it.

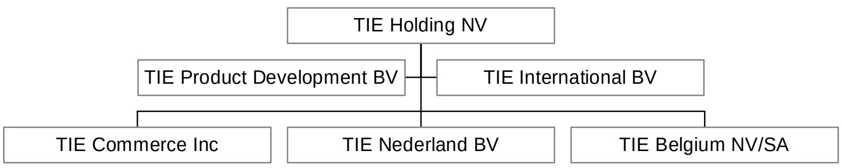
Mission Statement

"TIE provides state-of-the-art software tools and in-depth expertise to implement B2B eCommerce solutions.

TIE improves the efficiency and effectiveness of our clients' business processes by enabling Digital Business Communities as the primary platform to inter-operate with Trading Partners electronically."

TIE's mission statement consists of two parts. The first part explains what TIE can do in the short term, the second part highlights how TIE sees its future role, when the market has developed into a much more efficient place, where business is done electronically.

The structure of the TIE organization can be depicted as follows:



TIE is positioned as a B2B Integration Software Provider that is focused on trading partner enablement. TIE's short-term focus is on enabling hubs and trading partners both large and small. TIE software integrates into applications both internally and externally. TIE's strength is linking trading partners, establishing and rolling out trading communities, implementing standards as well as the knowledge and experience of being in this business for15 years. The target group of customers is small and mid-size organizations but we will ensure that clients can enjoy relationships with all sizes of trading partners, emphasizing the business value – not the technology.

At the corporate level TIE positions itself as a Software Vendor.

> **TIE Product Development** develops standard products, which are targeted for reselling via Agents and via all subsidiaries as part of solutions. They deliver 'whole products' in terms of software, and documentation for regional unit customization if necessary. The products are generic, the solutions can be verticalized or subsetted per the local market.
>
> **TIE International** handles reselling relationships in areas where TIE does not have a wholly owned subsidiary. We will offer Agents an extensive range of standard (packaged) products and the appropriate training and certification.

At the regional level, TIE subsidiaries are positioned as Solutions Providers with software and services rather than a box-shifter. TIE software integrates into applications but we do not position ourselves as an Enterprise Application Integrator player first, but if this is instrumental to trading community ramping this may be part of a solution. TIE subsidiaries provide solutions in the B2B Integration arena and preferably using TIE products, which are profiled and localized for the local market. TIE Subsidiaries have in-depth knowledge on a number of vertical markets such as retail, health care, automotive, transport, and finance.

The eCommerce Market

The large consulting firms see B2B integration as a critical activity. The market is still in its infancy.

It is estimated that 95% of Fortune 500 companies are using EDI against only 2% of smaller businesses. In addition, 72% of firms see integration as critical to eCommerce and only 24% have bought software for B2B integration (Forrester Demystifying B2B Integration).

The macro environment has impacted TIE's marketplace.

Those businesses that are committed to executing B2B integration see it as a cost reduction mechanism. TIE's focus on existing customers underpins revenue expectations. Customer interviews have indicated that some businesses that have not yet made the investment may delay as they consider the competing demands on shrinking earnings. In a difficult economic environment, TIE can remain insulated as its solution promises increased efficiency and lower cost.

The trend in the industry is that the application software market is plateauing as the growth rates in big applications like CRM, ERP and SCM have now peaked. Business process

Client case studies show how TIE's products have enhanced trading partnerships

Revlon now handles 2.8 million transactions through their TIE eCommerce system. That's 90% of all the company's invoices and 80% of all its Purchase Orders

GPI: Four major Dutch food wholesalers joined forces to use TIE products to supply information on the 25,000 products they together offer to customers. This co-operation gives them cost-savings through delivering daily changing information through one direct channel

Entersys enabled record companies in the BeNeLux to provide an Information Warehouse for retailers who can access information using an Internet browser or an EDI gateway and generate transactions, thus significantly reducing costs of information distribution and order processing for the record companies

CITGO used TIE to tap into their legacy information systems and add 2,000 trading partners in its Light Oil division saving costly development and integration work. In addition, TIE seamlessly integrates with their SAP enterprise systems that are connected to all of CITGO's business units management is making a considerable impact. In a hostile economic environment, outsourcing will prosper. According to Salomon Smith Barney: “Collaborative Commerce is The Next Big Thing”

In the B2Bi software arena, the mid-range market (Server PC, UNIX, AS/400) is very crowded, with many (large) software providers. TIE has a good position here, which we will retain. In the low-end, the space is empty and consists of a number of small, local players. Everyone is in the middle-top space but no one is left in the lower one.

For the low end the consensus opinion of the providers seems to be that the World Wide Web will be the preferred method. However the developments in recent years have shown that the vast majority of the users is not ready to take that step. The FUD-factor is still too high. Fear, Uncertainty and Doubt still keep the small users away from the Web for their sensitive or critical business. The infrastructure of the Internet is not to the level that everywhere we have a stable, high-bandwidth solution.

The number of users of centrally hosted solutions is nowhere near what the predictions said in 2000. Companies actually went back to proven solutions like Electronic Data Interchange and off-line messaging systems. Value Added Network Services are growing, because they still provide the best guarantee for a stable business exchange of information.

TIE believes that the direction towards web-based solutions is clear, but that it will take years before the majority of (small) companies will use this. With the establishment of our TiedByTIE service we offer a low-cost web-based solution. TIE expects the number of users to grow slowly but surely. In the mean while users feel most comfortable with a desktop product like TIE Edge.

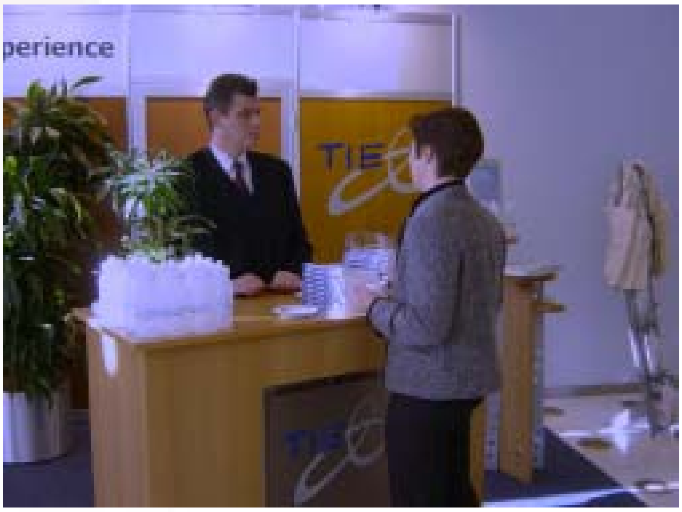
For 15 years TIE has been active in the B2Bi space. TIE wants to firmly retain and expand its position here. TIE has the experience of what it takes to do business electronically in the Supply Chain and has the products to help customers migrate to a situation where the web and ebXML will replace VANS and EDI.

Actions in the past year

In the past year TIE has concentrated on the following actions:

- Financial actions
  - Retaining and constantly adjusting the cost base to the opportunities in the market in order to remain EBITDA positive. Approximately 75% of total expenses are personnel related giving TIE flexibility and control over the cost base.
  - TIE has demonstrated that it can respond quickly to an economic downturn in the tough European operating environment. To the extent that further measures need to be taken, TIE has demonstrated that it can and will take those steps.
- Operational actions
  - Achieving synergies between the US and Europe in cross-selling products, avoiding duplication of efforts, streamlining product management.
  - Improvement of our internal information systems and procedures in order to work more efficiently and increase internal control.
  - Development of skills and competences by introducing a structured people development program to lift the existing personnel and management base to a higher level of performance that directly relates to the changing and more demanding market circumstances.
- Commercial actions
  - Contacting our existing customer base to increase the awareness of our new products in order to upgrade them to more sophisticated solutions.
  - Consummating the Microsoft partnership focused on BizTalk. TIE has developed specific adapters, adding B2B eCommerce and integration functionality to BizTalk enabling TIE to offer a unique, deep solution.
  - Development of a Java-based integration suite. The product targets Global 2500 market and established EDI users looking to leverage their investment whilst moving to newer eCommerce technologies.
  - Development of a web-based commerce product launched at the beginning of 2002. This product targets large companies who want to provide suppliers of all sizes with a means to transact electronically at low cost via a standard Internet browser.
  - Completion of the first phase of work on new international B2B eCommerce standards known as ebXML. These ebXML support features will also be included in future products to enhance adoption of the standards.

Most of these actions are long term. In the past year a lot of progress has been made and all objectives were either reached or well on the way.



Financial and Strategic Objectives

- To grow TIE's revenue significantly. The concept is to become a "$100 million Company" in 3 years, which can be achieved via organic growth and targeted acquisitions.
  - Organic growth for all entities is targeted at 15% per annum. Economic circumstances will determine if this is achievable.
  - Additional growth to come from corporate sales, which will be negotiated annually and through global reseller contracts.
  - By acquiring companies in Europe, that expand TIE's market reach and service offerings with a focus on B2B Integration.
- The Company expects to reach bottom-line profitability (net profit) in the period 2003-2004.
- Further and substantial improvement of Operational Profitability (EBITDA).
- Maximization of cash flow from operational, investing and financing activities. Positive cash flow in 2003 and further.
- To show how TIE's products provide measurable benefits for its customers.

Actions for the coming year

- Financial actions
  - Focus on bottom line profitability. Continuing to match the opportunities in the market with the cost base of the Company
  - Pursue targeted acquisitions in order to expand the service offering and market share in Europe.
  - Continue to properly position TIE for the financial community. Explain the long-term viability of the TIE business, leveraging 15 years of experience combined with a strong vision for the future.
- Operational actions
  - TIE will build a 'Delivery Machine' for the efficient delivery and support of our solutions to customers worldwide.
  - TIE will build interoperable components pieces, which may be packaged as products for international or repacked by regional solution units.
- Commercial actions
  - Continue to target TIE's extensive customer base in order to help them forward into achieving higher cost savings and greater efficiency.
  - Investing in market communication and marketing in general in order to create market understanding and brand awareness. This will lead to a more market driven product development policy and effective commercial activities.
  - Pursuing technical partnerships with companies that can provide additional technology components for TIE and/or will use TIE technology in their solutions.
  - Continue to develop Microsoft BizTalk projects with TIE components as BizTalk adapters.

High-End Strategy

TIE's business plan is characterized by utilizing existing and new market opportunities in the international eCommerce markets, mainly at the North American and European markets, where significant market potential exists. TIE will execute a more concentrated approach on these markets and capitalize on its existing position and experience in these markets. Management believes firmly that these segments comprise increasing and interesting market potential, due to the shift in investment attitude and economical conditions in both Europe and the US. TIE is focused on winning high- and mid-size deals that require effective implementation and results.

Customers are postponing or canceling large-scale projects in favor of smaller, more efficient and well-defined projects that deliver near-term business benefits. With the results of the strategic turnaround of the Company, which already started in 2001, TIE is well positioned to take advantage of a more focused and aggressive marketing and sales approach on these markets. The design of our organizational structure helped us to carry out our business objectives.

At the high-end TIE's strategy consists of the following elements:

- Offer a true global portfolio with an increased average contract value
- Forge partnerships with leading software vendors and systems integrators
- Nurture existing customer base
- Expand local presence throughout Europe
- Focus on Companies with trading partners across the Atlantic
- Further Develop ebXML based products and services

Entry-Level Strategy

Over the past years many companies that started integrating their business processes with those of their partners have started with a simple solution that only covered the requirements of their (usually larger) business partner. As they became more aware of the possibilities to save costs, they upgraded to more advanced solutions involving more business partner links.

TIE has always had a strong position in the low-end of the market, where small companies can do their business electronically by using an off-line desktop solution. Many customers from the past have entered into much more advanced solutions in the past. That is why TIE is focused on rolling out as many of these low-end solutions as possible, because it constitutes an entry for customers to more sophisticated solutions.

The competition in this area has moved towards the high-end or towards web-based solutions, giving TIE an even better position. This market segment is still growing strongly as many companies do not want to trust their sensitive data to the web, but seek low investment/ high return solutions when their trading partners put pressure on them to start doing business electronically with them. We anticipate that this will continue in the coming years.

Customer interviews show how TIE's products have improved business processes *"We are now receiving 50% of our accounts payable via EDI compared with zero 2 years ago... We have been able to greatly reduce labor costs through reallocating people that were engaged in handling purchase orders by fax and phone and then re-keying data. We have been able to reduce errors and greatly enhance data integrity."*

"TIE was headed in the direction that we wanted to be in 5 years."

"... feedback from my trading partners about TIE's competitors was that they had higher prices, they hooked you in and then you were just another customer... TIE always went above and beyond."

Lori Graham, Reliable Automotive

"TIE's products make our job a whole lot easier... before we were working around the clock."

"People... can't believe we process 1.5 million transactions a month with so few personnel."

Joe Nett, US Power Solutions

"Out of an original department of 20 people handling orders, we have been able to reduce it to 15 people company-wide, making very considerable savings."

Henk Hartogsveld, Bolsius International

The recently appointed Global Reseller can substantially contribute to the revenue growth in this entry-level segment of the market. This potentially places TIE as a big player in the global low-end market, where TIE certainly has a chance to provide the same service for other global players.

In the coming years, TIE expects to sign significant agreements with various eBusiness firms that are well known around the world. We expect these agreements to be reseller in nature and potentially strategic product partnerships that will ensure that TIE solutions leverage the extensive footprint that these partners have with customers worldwide. We expect that our low-end solutions will emerge as an attractive offering for the SME market, which continues to grow.

It is difficult to estimate the yearly revenue from these global deals. It depends on the ability of the resellers to sell the solution and the acceptance of the customers in the market. This forces TIE to tread carefully and to closely monitor the advance. It is up to TIE to make sure we manage this efficiently and minimize our costs in order to bring most of this revenue to the net result. Given the potential substance of these partnerships, we should be able to leverage economies of scale and optimize this contribution.

The Opportunity

Given the global reseller opportunity TIE now has a chance to firmly position itself as a global player in the desktop PC arena. It is too early to assess if TIE will actually manage to accomplish this, but the direction is clear. With high-end products like eVision we can play in the mid-range market and target the hubs. With products like TIE webCommerce and TIE Edge we can target the low-end market.

For TIE now to make a real effort in capturing the entry-level segment market requires that it focuses on that. This could possibly be detrimental to our existing business, unless we carefully control this. That is why the decision has been taken to build up a separate line of business for the low-end at the corporate (global) level.

The only way we can handle large numbers of low-end users is if we automate and centralize using the web as much as possible. The nature of the low-end business is such that in 95% of the installations we can provide an equally good service to our customers without ever having face-to-face contact. We will receive the orders in a central place where we can contact the customer by e-mail and let him download and install his (custom) solution: the software and the trading partner kits.

The order and order confirmation process will be automated as much as possible and administrative overhead should be kept at a minimum.

The approach defined above can mean a great deal to TIE. It can very well lead us to becoming the worldwide leader in this field. We already have a lot of customers, products and experience in this entry-level segment, probably more than any other company in the world.

It is exciting to work on this and already many TIE people have put a lot of effort into this and they have done a marvelous job in winning this contract. In the way forward we have to keep a close eye at the risks and the pitfalls of this endeavor. We should carefully determine our long term offering in this area and we will establish a Multi-Generational Development Plan for the low-end market space in line with where ebXML, the new world standard for B2Bi, is going. We have everything we need to build up our organization in an efficient way, making it a showcase and a reference for other global companies that would like to communicate with the vast majority of small companies that they have and also with their partners.

Key Risks

- Competitive risks:
  - US players might become successful in Europe
  - XML players may focus their products on semantics rather than infrastructure
- Insufficient speed in the brand build-up. This may diminish TIE's ability to leverage product and service offering and ensure a clear positioning for TIE
- TIE's lack of growth in Europe could weaken its ability to achieve substance and economies of scale
- Insufficiently qualified management, financing and sales force to sustain the growth expectation
- Inertia in the market place. Potential customers may continue to be reluctant to invest in TIE's products and services, however beneficial and productive they may be.
- Instability of the economic and political environment

The Company

Joining Vision and Experience

Since its foundation in 1987 TIE has been active in B2B Integration, not only in application development but also in the standardization process. When the Internet started its expansion TIE understood that this would trigger many new applications, essentially aimed at doing business more efficiently. This implied that eCommerce using the Internet is not revolutionary but evolutionary. eCommerce would be based on an existing body of knowledge about doing business electronically – a body of knowledge to which TIE has contributed over the years.

The expansion and increasing power of the Internet have created a new focus on B2B eCommerce. This focus is on integration of internal enterprise systems (EAI), and external systems among trading partners (B2Bi). XML, the second-generation Web language, will help trading partners move their business communication to the Internet. But there is more to the story.

Understanding Business Processes

It is true that the Internet offers opportunities to take B2B eCommerce to a new level. eCommerce will become available to small and medium-sized companies and will be user-friendlier by applying the standards set by Web browsers and graphical user interfaces. However, the success of B2B eCommerce does not depend on technology. The essential factor is to understand the business processes involved. To make B2B eCommerce work, trading partners must agree on specific ways of doing business and restructure their business processes accordingly.

Optimizing the Supply Chain

Available Trading Partner Kits:
3M, Abercrombie & Fitch, AAFES, ACE Hardware, Albertson's, Amazon.com, American Airlines, American Express, AMP, Amway, Anheuser Busch, AHI, ARCO Alaska, AT&T, Autozone, Barnes and Noble, Bell Atlantic, Bell South, Best Buy, Black and Decker, Blockbuster, Bloomingdales, Boeing, Borders Group, Bridgestone/Firestone, Campbells, Canon, Caterpillar, Chrysler, Cisco, Citibank, Clorox, Coca-Cola, Compaq, Colorado DMV, Arizona DMV, New York DMV, CompUSA, Conseco Finance, Costco, CVS, Dayton Hudson, Department of Defense, Dillard's, Disney, Eastman Kodak, Ericsson, Fannie Mae, Federated, FEDEX, Finlay, Fisher Scientific, Food Lion, Ford, the Gap, GE, GM, Grainger, Harley Davidson, HP, Home Depot, Home Shopping Network, Honda, IBM, Intel, International Paper, J.C. Penney, Jabil, JPL, John Deere, Johnson & Johnson, Kaiser, Kmart, Kodak, Kohler, Kroger, LL Bean, Land O Lakes, Land's End, La-Z-Boy, Lockheed Martin, Lowe's Lucent, M&M Mars, Mack Trucks, Macy's, May Stores, Mazda, MEAD, Meijer, Mercedes Benz, Merck, Merrill Lynch, Fidelity, Mervyn's, Mitsubishi, Motorola, Napa, NASA, Navistar, NEC, Neiman Marcus, New York Public Utilities, Nissan, Nordstrom's, Office Depot, Oregon DMV, Osh Kosh B'Gosh, PACBell, Pennsylvania Energy, PEP Boys, Philip Morris, Proctor and Gamble, QRS, Quaker Oats, R.J. Reynolds, Radio Shack, Ralston Purina, REI, Saks, Sara Lee, SEARS, Serviec Merchandise, Siemens, Southwestern Bell, Sports Authority, Staples, State Farm, Sun Microsystems, Target, Texas Instruments, Toyota, Toys R' Us, USPS, US West, U-Haul, UPS, Waldenbooks, Walgreen's, Wal-Mart, Woolworth, Xerox, Zales

Mass adoption of Internet-based eCommerce will drive simplicity and standardization. The consumer will drive the Supply Chain. The only way suppliers can provide this is by optimizing the Supply Chain through agreements between partners and competitors in the Supply Chain, and through standardization. TIE is best positioned to play a leading role in this endeavor, since it has 15 years of experience in building links between applications and processes in many different companies. TIE believes that Digital Business Communities — trading platforms for vertical markets — offer the best framework to utilize the power of the Internet to speed up the process of Supply Chain optimization.

Another route many companies will take toward eCommerce includes building their own private exchange. This gives the Company greater control of content, participants, and process. It takes the form of a corporate website with secured access by customers and suppliers depending on the Company's eCommerce objectives.

The functions necessary for that private exchange such as: transaction management, data transformation, integration, data validation, tracking, business process management, and content management can be provided by TIE.

In many cases, these private exchanges then will be connected to Digital Business Communities, public exchanges, and others in the supply-chain. Each will require some type of B2B eCommerce integration (B2Bi).

Core Business

TIE develops and delivers XML/EDI[tm]-based software solutions, which enable trading partners in the Supply Chain to do business electronically. TIE specializes in Enterprise Integration for vertical trade communities — TIE-ing applications in different companies and synchronizing business processes. Our products and services form the core of a truly end-to-end integration solution.

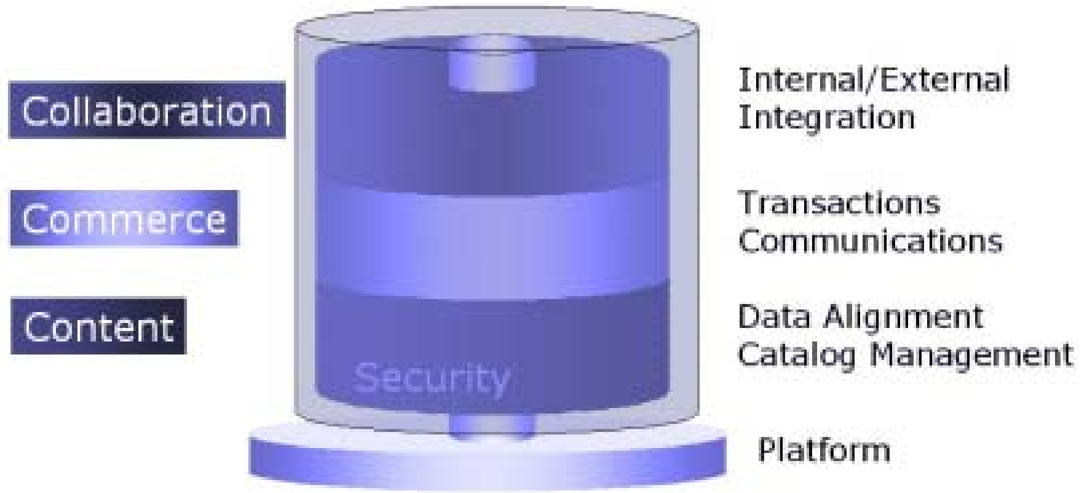
Products and Services

TIE Enterprise Portal Framework

TIE has a comprehensive range of software and services, which enables companies to structure and distribute product information and to integrate their internal systems with their partners in the Supply Chain. TIE's current product range is the result of years of experience.

TIE has further developed these products and kept them ahead of the requirements of the fast developing B2B Integration market. Management believes that the Internet offers future possibilities to generate additional revenue from the migration from off-line to on-line and from EDI to ebXML. The Enterprise Portal framework and content management are the areas the Company is focusing on in particular.

TIE's main product line comprises of a suite of low-end to high-end B2B Integration products that makes it possible for companies to provide a link between their internal business processes and those of their trading partners. TIE products automate this exchange of data. They integrate trading partners via the World Wide Web or other Internet protocols and traditional network services. It incorporates a wide range of modules for communication, transformation, database access, and Enterprise Resource Planning (ERP) system integration.



TIE's Enterprise Portal Framework consists of a series of software solutions in three layers:

The Collaboration layer consists of integration modules that enable clients to take full advantage of B2B Integration by optimizing the information flows in the Supply Chain, increasing data accuracy by eliminating potential sources of errors, reducing stock and cutting delivery times. ERP systems linked to any of the TIE Enterprise Portal Framework products deliver streamlined operations throughout all internal and external business processes and seamlessly integrate with ERP applications including SAP, BaaN, and Oracle or legacy applications.

The Commerce layer modules allow clients to exchange mission-critical transactional data with buyers or suppliers directly to and from their software application system. These are real business transactions executed electronically. Items like invoices, shipping notifications, and purchases along with hundreds of other business processes are transacted in this layer.

The Content Layer Modules help companies to structure, classify and distribute product information with their partners in the Supply Chain. This is the layer that allows companies to present and organize all their products and parts.

Our products have different editions to accommodate specific markets and vertical industry editions where appropriate. There is also a degree of customization with any software solution, which is undertaken by the TIE consultants.

TIE Edge is a mature, low-end desktop product. The product is a forms-based data-entry product capable of communicating to multiple VANs and the Internet. It can run in batch to fetch messages and translate them to a simple format that users can use to integrate with their in-house systems.

Every TIE Edge installation is different. All users have the base product, but have different 'Trading Partner Kits' (forms/mappings). Listed is a sample of the thousands of partner kits that include forms to support the full set of business transactions.

These kits have been developed over the years and are basically targeted at the US market. This means that for international users a lot of work still has to be done.

Today each customer gets a tailor-made CD with the product and his Trading Partner Kits. The user - with telephone support - can do the installation and the product is ready for use right away. This means that the product can be sold and start to be used without face-to-face contact with the user.

TIE has released new products and solutions in the last year:

TIE Catalog Manager provides the product content management layer

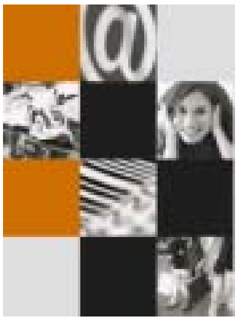
TIE Integrator is our corporate global transformation engine. Existing translators will still be supported but future products should ensure that there is migration to TIE integrator. This and extensions will form the basis of the Collaboration Layer

TIE webCommerce is the corporate SME enablement solution for both offline and online scenarios in the Commerce layer.

TIE Messaging Center is the platform of choice for any-to-any messaging, supporting all communication protocols and format conversions. This product is aimed at larger organizations and (application) service providers. Especially in today's environment this product helps to migrate from VANS and EDI to Internet and XML. The product can be configured at the local level depending on the unique needs of the customer.

TIE Digital Business Community Framework

RETAILCONNECT INFORMATION WAREHOUSE



The objective of RetailConnect is to reduce the time-to-market and to allow cheaper and faster collaboration in the non-food retail chain through applying state-of-the-art e-business technology and a customer focused organization.

TIE defined a project to implement and to host a platform capable of delivering this RetailConnect promise to the market. Today it facilitates a large group of retailers doing business with their suppliers in unified way allowing market information to be correct and of high value to the suppliers and allowing business transactions to be exchanged without manual intervention.

More information: http://www.retailconnect.com

Success in the 'Net Economy' can only be achieved by efficient working methods and a market oriented approach. The Internet has facilitated new techniques, which means that specific customer needs can be better satisfied than ever before. It will take many years yet for users to be comfortable using these new methods, though. In the mean time they will rely on proven off-line solutions. Ultimately the Internet will be providing faster and easier access to sales and market information, many companies are asking themselves how they can structure their flows of goods and information and how they can maintain a firm grip on the corporation.

Management can respond more quickly to market changes and improve their operational efficiency by sharing information within the value chain. There is, however, still a practical problem that needs to be addressed. Efficient electronic operation requires companies to adapt their business processes and software to one another. This is where TIE comes into the picture with the Digital Business Community Framework.

DBCs are places on the Internet where buyers and suppliers operating within the same industry can find an environment that facilitates business interaction in a radically more effective manner. Users can participate in both an on-line and an off-line manner. With the Enterprise Portal Framework TIE is focusing on individual companies that want to improve their communication and information exchange with internal and external customers.

The DBC Framework, on the other hand, is a virtual platform for a complete vertical market sector. It enables suppliers to join forces and yet to create a distinctive profile for themselves. This means that buyers no longer have to search many different places for products and services. A Digital Business Community provides suppliers and buyers alike with all facilities to support the sales and procurement processes. Services provided by the DBC are, among others, content exchange, management, and subscription.

Consultancy

IT development and integration will be the largest sector and the leading driver of IT services spending during the next four years, constituting almost one-third of overall IT services spending. According to Dataquest (a unit of Gartner) IT services revenues are expected to climb significantly after next year, reaching USD 865 billion in 2005.

We have observed this growth in the marketplace. TIE consulting revenue will increase, as users need more guidance on where the world is going especially in relation to ebXML. As other industry analysts have said, those companies with an expertise in EDI implementations are now being sought after to assist in establishing the next-generation of eCommerce.

For example, large suppliers to the automotive industry are using TIE in the United States to restructure their eCommerce system. Even after having used EDI for generations, taking the next step using XML and integrating diverse systems is a complex undertaking. This requires several skills including technology implementation, process management, and project management. It also requires knowledge of enterprise applications, databases, communications, and data formats.

Making all these systems work together is a highly complex matching game. That’s why TIE’s experience with semantic matching to link trading partners is so crucial to B2Bi strategies and implementations.

Industry Focus

TIE focuses on specific industries. In Europe, TIE has built the RetailConnect DBC. This project puts TIE in the spotlight in the non-food retail industry in The Netherlands, Belgium and later across Europe.

In the United States, recent legislation is forcing the healthcare industry to implement eCommerce systems. The Healthcare Insurance Portability and Accountability Act, known in the US as HIPAA, is causing a stir among healthcare professionals. Forrester estimates the Healthcare industry will spend USD 1 billion on meeting the new HIPAA legislation. TIE has more than 40 customers that are healthcare providers or payers. These are insurance companies, healthcare management organizations, hospitals, and government agencies.

Report from the Board of Directors

2002 was a year in which the expense level of the Company was closely monitored. In 2001, the Company concluded it's downsizing in The Netherlands and refocused its strategy in order to be ready for the start of the fiscal year 2002 in a more stable environment.

Shortly after the start of the new fiscal year, however, it became clear that the events of September 11th were having a severe impact on the business environment, especially in the USA. As the Company had only just reached operational profitability, management assessed that it was necessary to further reduce the cost base of the Company and to keep expense levels in line with the revenue opportunities. Management executed two cost cutting operations to achieve this, both in the USA, in October 2001 and in February 2002.

The consequence of the cuts in headcount resulted in lower revenue targets and associated lower expense levels with the result of being EBITDA positive. Although the Company faced difficult market circumstances during the entire year, the Company achieved its main target 'being EBITDA positive for the entire year'. At the same time, TIE continued investing in its development efforts in order to maintain its leadership in B2B integration.

During the year, TIE drew in April 2002, the remaining EUR 0.5 million on the credit facility arranged by Pall Mall Capital for Berkshire Investments BV for working capital purposes.
No additional financing was arranged during the year.

In August, the Company announced it had signed a term sheet with a global reseller of one of its products in the low-end solutions segment. The final contracts with this reseller were finalized in January 2003. This contract will open up a considerable potential in terms of customers for one of TIE's most mature products. It will increase the customer base significantly, drive revenues as well profits rapidly as soon as the reseller delivers substance under the agreement. Management is of the opinion that it should be able to conclude similar global reseller relationships, especially in the low-end of the market where the Company has a good market position. These global relationships have a long lead-time, so the Company has not taken them into account in the planning for the next year

Management believes this is a major step forward for TIE in terms of becoming one of the leading global players in the low-end segment of the B2B Integration market. The Board of Directors also considered this an opportunity to arrange a <10% share issues to investors that were prepared to invest in the start up costs of this opportunity. Especially Orange Fund and Delta Lloyd, the leading investors in the Netherlands in small and medium sized companies, were prepared to acquire a >5% stake in the Company.

In addition, the Board of Directors has found Navigator to be prepared to extend its equity line facility for another 18 months. Under the agreement TIE can issue shares to Navigator in exchange for cash, without any obligations to actually use the equity line facility.

As the financing facilities with both Delta Lloyd and Berkshire Investments were originally anticipated repayment during the fiscal year 2003, the Company entered into negotiations to defer the redemption on these loans. During January 2003, both parties agreed on postponement of the redemption schedule as set out in the subsequent events. In addition, the financing facility arranged by Berkshire Investments was increased by a further EUR 0.5 million.

The Board of Directors is of the opinion that the combination of being well positioned, especially in the low-end segment, and the stable financial environment are the necessary ingredients for a year in which the revenues as well as the results can improve.

Management's Discussion & Analysis

The following section contains trend analysis statements of financial condition and results of the Company's operations. The financial data given for the financial year 2001 are from the previous year's annual report. In comparing the operations of the respective years, it should be noted that the Company went through a major change in strategy in 2001, moving from expansion and investment to consolidation and integration. As a consequence of this change, the profit & loss account shows a significantly different picture in 2002 compared with 2001.

Annual result of operations

The following table sets forth the main items in the Company's income statement for the respective financial years:

(EUR x 1000)	2002	2001
Net revenue	14,141	19,622
Operating expenses, incl depreciation	14,895	26,262
EBITDA	9	(6,506)
Amortization of goodwill	2,944	7,038
Net result	(4,902)	(16,055)

The Company has incurred net losses and experienced negative cash flow from operations in the two preceding years. In 2002 the Company achieved a positive EBITDA. The cash flow remained negative mainly as a result of the research and development efforts. During the fiscal year ended September 30, 2002, the Company incurred a net loss of EUR 4.8 million. During the fiscal year ended September 30, 2002, the Company financed its operations through the use of existing credit facilities. Based upon its current year operating plan and the equity placements that were done shortly after the end of the fiscal year by Orange Fund, Delta Lloyd and Navigator Investments Holding and the larger working capital facility arranged by Berkshire Investments, the Company believes it has adequate cash and investment balances to fund its operations in the next fiscal year.

Net revenues decreased during the year by 28% to an amount of EUR 14.1 million. As a consequence of the events of September 11th, the Company noted a slowdown in economic activity, especially in the USA. The Company anticipated the slowdown by downsizing its US operations in October 2001 and March 2002 to bring expense levels in line with the lower expected revenues. The downsizing had a negative effect on overall revenues levels of the US operations, but had a positive impact on operations, which returned to a positive cash flow.

Compared to the previous year operating expenses were substantially reduced following the organizational changes achieved in the previous year. Headcount reductions are the major driver of the lower expense levels as the majority of the expenses in the Company are directly linked to personnel. Major savings could also be realized in the R&D department, thanks to the heavy expenditures made in previous years when major steps were taken to develop the new product line. The Company believes that current spending levels for R&D are adequate in the current market circumstances. A commitment to R&D will help maintain TIE's leadership in the B2B integration market.

Net Revenue

The following tables set forth, for the financial years indicated, the breakdown of net revenue by category and region (and the percentage of total net revenues represented by each category):

Net Revenue by category

(EUR x 1000)	2002		2001	
License Revenue	4,544	32%	6,218	32%
Consultancy Revenue	3,465	25%	6,143	31%
Maintenance and Services Revenue	6,132	43%	7,261	37%
Total Net Revenue	14,141	100%	19,622	100%

The distribution of net revenue shows a clear downtrend in consultancy services. This is caused by the reduction in headcount in the US, where a relative large portion of revenues exists of consulting. License revenues were pro ratio steady at 32% of total, maintenance and service revenues which themselves decreased by EUR 1.1 million or 16%.

Net Revenue by region

(EUR x 1000)	2002		2001	
The Netherlands	2,797	20%	3,388	17%
Rest of Europe	1,761	12%	1,559	8%
United States of America	8,852	63%	13,473	69%
Rest of the World	731	5%	1,202	6%
Total Net Revenue	14,141	100%	19,622	100%

Total net revenues decreased year-on-year by 27%, mainly driven in the U.S. with 33%, including an exchange rate impact of 3%. The deconsolidation of TIE Middle East per June 30 last year and the closing of the Asia Pacific office in late 2001, underpins the decrease in revenues in the rest of the World.

Operating Expenses

The following table provides a breakdown of the total operating expenses (excluding depreciation and amortization) for the financial years indicated:

Operating expenses by category

(EUR x 1000)	2002		2001	
Personnel Expenses	9,186	69%	15,600	63%
All Other Operating Expenses	4,130	31%	9,117	37%
Total Operating Expenses	**13,316**	**100%**	**24,717**	**100%**

Operating expenses by region

	2002		2001	
The Netherlands	4,516	34%	7,864	32%
Rest of Europe	933	7%	1,371	6%
United States of America	7,741	58%	12,954	52%
Rest of the World	126	1%	2,528	10%
Total Operating Expenses	**13,316**	**100%**	**24,717**	**100%**

Operating expenses decreased by EUR 11.4 million (47%), much more then the decrease in revenue. Forced by market circumstances, the Company reduced headcount and realized savings where possible. Operating expenses in The Netherlands include the costs of the TIE Holding organization.

The expenses for research & development are an integral part of operating expenses. As announced earlier, the research phase of ebXML ended in Spring 2001 after which the Company went into the development phase of the new product suite. At the end of 2001 most of the new products were therefore available in the market based on the latest technology. During 2002 improvements and extensions to these new products were introduced.

It is TIE's accounting policy to expense research activities and to capitalize development activities. The bulk of the research & development expenses are therefore expensed. In the year 2002 an amount of EUR 1.2 million was capitalized, at the same time EUR 0.4 million was amortized during the year.

Depreciation and Amortization

Although depreciation on tangible fixed assets decreased, the amortization of intangible fixed assets increased. This resulted in stable depreciation costs over the two years. Amortization charges related to goodwill paid decreased, as the Company took an extra impairment charge of EUR 4.1 million last year. Based on this year's impairment testing no additional charge was deemed necessary.

(EUR x 1000)	2002	2001
Depreciation & amortization Fixed Assets	1,579	1,545
Amortization Goodwill	2,944	7,038
Total Depreciation & Amortization	**4,523**	**8,583**

The depreciation charges relate mainly to the furniture and fittings of the Company offices, the amortization on intangible fixed assets amounted to EUR 0.4 million.

The amortization on goodwill is based upon a life of 5 years.

Financial Results

(EUR x 1000)	2002	2001
Total interest expense	**388**	**180**

Interest expense increased by EUR 200K in this year to an amount of EUR 388K. The main driver behind the increase is the fact that the working capital facility was arranged in August 2001, having no material effect on interest expenses during 2001. The Company drew the remaining EUR 0.5 million, available on the working capital facility, in April 2002.

Income Taxes

Management of the Company has evaluated the positive and negative evidence with respect to the possibility of realizing its deferred tax assets, which are comprised principally of net operating loss carry forwards. Management has considered the Company's history of losses and concluded that it is more likely than not that the Company will not realize the full benefits of these net operating loss carry forwards in the near future. Accordingly, the Company recorded a valuation allowance equal to 100% of the net deferred tax asset balance as at September 30, 2002 and 2001.

Cash Position

As of September 30, 2002 the Company had cash and cash equivalents of EUR 0.4 million. In 2002, the cash flow used in the Company's operating activities was EUR 0.4 million. The cash flow from operating activities improved significantly by more than EUR 9 million to EUR 0.6 million. However, through mainly the continued development efforts, the total cash flow of the Company was a negative of EUR 0.4 million. Although the generated cash flow from operations was positive, the investments made in new products resulted into a total net negative cash flow of EUR 0.4 million. As of September 30, 2002 the Company has a working capital deficiency of EUR 2.7 million, although an amount of approximately EUR 2 million of this relates to 'deferred revenues', which is not a cash liability.

Development costs

The Company has the accounting principle to capitalize certain software development if the technological feasibility of the products is established. The assessment of the technological feasibility is an ongoing process, based on factors such as future predicted revenues, product life cycles and changes in market circumstances.

In the fiscal year 2002, the Company capitalized EUR 1.2 million for the development of its products. The current book value of total capitalized products amounted to EUR 1.6 million at year-end. The capitalization relates to TIE's main new products such as webCommerce, TIE Integrator and catalog manager.

For these products, the technological feasibility was established.

Personnel

Staffing levels decreased from an average number of FTE's in 2001 of 249 staff to an average of 154 in 2002. This decrease is the result of the changed strategy of the Company, whereby it is focused to keep staffing levels in line with revenue opportunities. TIE has a relatively young workforce, which is highly motivated and has built a wealth of experience over the years. The Company's culture may be characterized as congenial, informal, challenging and internationally oriented.

An overview of the average FTE's employed by the Company in the financial year is as follows:

Subsidiary	R&D	Sales & Marketing	General & Admin.	Total	%
TIE Holding	1	0	9	10	6%
TIE Nederland	1	13	25	39	25%
TIE International	0	3	1	4	3%
TIE Product Development	16	0	0	16	10%
Total Netherlands	**18**	**16**	**35**	**69**	**45%**
TIE Belgium		2	12	14	9%
Total Europe	**18**	**18**	**47**	**83**	**54%**
TIE Commerce (USA)	13	12	45	70	45%
TIE Asia Pacific			1	1	1%
Grand Total	**31**	**30**	**93**	**154**	**100%**
%	**20%**	**20%**	**60%**	**100%**	

At year-end, the Company employed 149 FTEs, compared to 178 FTEs in the previous year.

Ondernemingsraad (Workers' Council)

In October 1999 the Company instituted a Workers' Council in The Netherlands (as defined in the Wet op de Ondernemingsraden).

Since then, the Council has held regular meetings and has followed an extensive training program. Additional training on specific topics will be offered when necessary. There are monthly meetings with the Board of Directors where topics such as HRM Policy, Terms of Employment, Stock Option Plans and the status of the results and the impact of the change in strategy (including the reorganization) are discussed in an open and cooperative atmosphere. Meetings with the members of the Supervisory Board take place twice a year.

Elections for the Workers' Council take place every three years. In October 2002 three new members joined the Workers' Council after general elections. In Subsidiaries outside the Netherlands employees are also organizing representational bodies.

Strategy and expectations for 2003

Integration & Consolidation

Following the IPO, the Company pursued an 'Investment' strategy. This was then changed to one of 'Consolidation & Integration' at the beginning of the financial year 2001 and continued in 2002. As we do not anticipate that market circumstances will change in the short term we do not expect to change this approach in 2003. The Company will continue to match cost level with revenue opportunities. Product management and product development are now completely integrated between the US and European synergy benefits should be achieved forwarding the future.

The Company remains conservative and cautious in its planning for the year 2003. The planning for fiscal year 2003 is based on normal organic growth in revenue with accordingly improving bottom line results. The expense levels of the Company will be closely monitored during the year.

Entry level strategy

During 2002, TIE revised its low-end strategy to take advantage of the opportunities that exist in this market segment. The business environment is hesitant towards IT investments in general. We recognize that the same environment is still empathic towards low-cost / high-value solutions. In the current market environment, most competitors moved away from this low-end segment. TIE has kept a focus on this segment over the last two years, as it believes in the business rationale for the necessity for smaller trading partners to do business electronically. These customers are still willing to invest in such solutions. Based upon the assessment made by the global reseller that was appointed during the year, we conclude that we are well positioned in this business segment.

As management recognizes possibilities in appointing more resellers in this low-end segment, we will work hard on bringing these to fruition. We will focus in the coming year on establishing these partnerships with global players at corporate level, as well as expanding solution selling in our subsidiaries.

Looking Forward

TIE has become better positioned over the last two years, as competitors moved away from the niche market in which TIE operates (especially the low-end segment). Management recognizes that it will take more time for customers to be prepared to investment in B2B integration. Until this market confidence returns, TIE foresees sufficient opportunities in the market. In the low-end segment TIE has specific opportunities, which will drive revenues and bottom line results, irrespective of market circumstances.

Based upon its current year operating plan, the share placements and the additional working capital facility, TIE believes it has adequate cash and investment balances to fund its operations. There can be no assurance, however, that TIE's actual cash requirements will not exceed anticipated levels, or that TIE will generate sufficient revenue to fund its operations in the absence of additional funding sources. If additional funds are raised through the issuance of equity securities, stockholders of TIE may experience additional dilution, or the securities may have rights, preferences or privileges senior to those of the Company's ordinary shares. There can be no assurance that such additional financing will be available on acceptable terms, if at all. If adequate funds are not available or are not available on acceptable terms, the Company may be unable to continue its operations, develop or enhance its products, take advantage of future opportunities or respond to competitive pressures or other requirements, any of which would have a material adverse effect on TIE's business, operating results and financial condition. Furthermore TIE conducts its business mainly out of Europe and is therefore exposed to the volatility of the dollar compared to the Euro. Also, current global economic and political circumstances might have an adverse effect on the future operations and Shareholders' Equity of TIE.

Amsterdam (Schiphol-Rijk), January 31, 2003

The Board of Directors,

Drs. Th.H. Raman, Chief Executive Officer & President

W.S. Bos RA, Chief Financial Officer

TIE Holding NV

FINANCIAL STATEMENTS

for

the financial year 2002

October 1, 2001 - September 30, 2002

Financial statements

Consolidated balance sheet at September 30, 2002

(After proposed appropriation of results)

Assets

(EUR x 1,000)	September 30, 2002		September 30, 2001	
Fixed assets				
Intangible fixed assets				
Goodwill	7,024		10,606	
Other intangible fixed assets	1,564		792	
		8,588		11,398
Tangible fixed assets				
Fixtures and fittings	1,741		2,271	
Hardware and software	633		1,143	
Vehicles	25		24	
		2,399		3,438
Financial fixed assets				
Participating interests	22		2	
		22		2
Total fixed assets		**11,009**		**14,838**
Current assets				
Stocks		0		1
Debtors				
Trade debtors	2,022		3,949	
Amounts owed by affiliated companies	-		61	
Taxation	15		310	
Other receivables and prepayments	382		513	
		2,419		4,833
Cash and cash equivalents		441		884
Total current assets		2,860		5,718
Total assets		**13,869**		**20,556**

Liabilities and stockholder's equity

(EUR x 1,000)	September 30, 2002		September 30, 2001	
Stockholders' equity		3,809		9,368
Long-term liabilities				
Credit institutions		4,525		4,058
Current liabilities				
Credit institutions and bank	79		294	
Trade creditors	1,159		1,906	
Deferred revenue	1,912		1,806	
Taxation and social security contributions	905		1,359	
Current installments of loans	16		9	
Other payables and accruals	1,464		1,756	
Total Current Liabilities		**5,535**		**7,130**
Total liabilities		**13,869**		**20,556**

Consolidated Profit and Loss Account

(EUR x 1,000)	October 1, 2001 to September 30, 2002		October 1, 2000 to September 30,2001	
Net turnover	14,141		19,622	
Cost of sales	816		1,411	
Gross result		13,325		18,211
Selling & marketing expenses	3,200		6,334	
General, development and administrative expenses	11,695		19,928	
Amortization goodwill	2,944		7,038	
Total expenses		17,839		33,300
Operating Result		(4,514)		(15,089)
Financial expense		(388)		(180)
Result on ordinary activities (before taxation)		(4,902)		(15,269)
Corporate income tax		0		253
Net result on Ordinary activities		(4,902)		(15,016)
Extra ordinary expenses after taxation		0		1,039
Net Result		**(4,902)**		**(16,055)**
Net result per share – basic and diluted		EUR (0.31)		EUR (1.10)
Weighted average shares outstanding-basic and diluted (x1000)		15,700		14,636

Cash Flow Statement

(EUR x 1,000)	October 1, 2001 to September 30, 2002		October 1, 2000 to September 30,2001	
Operating (Loss) / Profit		(4,514)		(15,089)
Depreciation and amortization		4,523		8,583
Decrease in stocks	1		126	
(Increase) decrease in debtors	2,414		(788)	
(Decrease) increase in current liabilities	(1,387)		(523)	
		1,028		(1,185)
		1,037		(7,691)
Extra Ordinary expenses	0		(1,039)	
Interest paid	(388)		(180)	
Corporate income tax	0		253	
		(388)		(966)
Cash flow provided / (used) in operating activities		649		(8,657)
Investments in subsidiaries	(20)		-	
Additions to intangible fixed assets	(1,172)		(713)	
Additions to tangible fixed assets	(219)		(651)	
Disposals of fixed assets	39		459	
Other (translation adjustments)	29		(18)	
Cash flow used in investing activities		(1,343)		(923)
Increase (decrease) in long-term liabilities	467		4,012	
Increase (decrease) bank overdrafts/loans short term	(208)			
Costs of shares issued	(8)			
Shares issued and share premium	0		1,760	
Cash flow provided by financing activities		251		5,772
Change in cash and cash equivalents		**(443)**		**(3,808)**

Cash flow used in operating activities improved by EUR 9.3 million to EUR 0.6 million mainly as a result of an improvement of the net operating result of the Company. The Company capitalized EUR 1.2 million for new developed products compared to EUR 0.7 million last year, which explains the increase in cash flow used by investing activities.

Last year, the Company acquired new funding for an amount of EUR 5.8 million, consisting of mid-term loans for an amount of EUR 4.0 million and equity for an amount of EUR 1.8 million. This year, the Company only drew EUR 0.5 million on its existing financing facility with Berkshire.

Notes to the Consolidated Financial Statements

Basis of Presentation

The fiscal year 2002 was the second full year for TIE Holding N.V. as a publicly listed company, as the Company went public in March 2000. In the first 18 months period since the IPO, the Company went through a very turbulent phase in which it became clear that the objectives as set out in the prospectus (investment scenario) were no longer feasible. The Company raised additional financing during fiscal year 2001 to be able to turn around the Company (integration & consolidation scenario).

The Company has incurred net losses and experienced negative cash flow from operations in fiscal year 2000 and 2001. During the fiscal year ended September 30, 2002, the Company incurred a net loss of EUR 4.9 million. The generated cash flow from operations was insufficient to support the Company's cash needs, which led to the drawing of the remaining part of the available working capital facility, for an amount of EUR 0.5 million. As of September 30, 2002, the Company had an accumulated deficit of EUR 35.1 million and a working capital deficiency of EUR 2.7 million. Based upon its current year operating plan, the equity placements after September 30, 2002, postponement of the redemptions on loans and the additional working capital facility arranged by Berkshire Investments, the Company believes it has adequate cash and investment balances to fund its operations. There can be no assurance, however, that the Company's actual cash requirements will not exceed anticipated levels, or that the Company will generate sufficient revenue to fund its operations in the absence of additional funding sources. If additional funds are raised through the issuance of equity securities, stockholders of the Company may experience additional dilution, or the securities may have rights, preferences or privileges senior to those of the Company's ordinary shares. There can be no assurance that such additional financing will be available on acceptable terms, if at all. If adequate funds are not available or are not available on acceptable terms, the Company may be unable to continue its operations, develop or enhance its products, take advantage of future opportunities or respond to competitive pressures or other requirements, any of which would have a material adverse effect on the Company's business, operating results and financial condition. Furthermore the Company conducts its business mainly out of Europe and is therefore exposed to the volatility of the dollar rates compared to the Euro. Also, current global economic and political circumstances might have an adverse effect on the future operations and Shareholders' Equity of the Company.

During 2001 the Company has taken cost reduction and profit improvement measures to improve cash flow from operations. For that reason the operations during 2002 run at much lower cost compared to the previous year. The strategy to run costs in accordance with revenues will be continued for next year and therefore the Company believes it to be appropriate that the accompanying financial statements have been prepared on a 'going concern'- basis.

The Company operates in a highly competitive environment subject to rapid technological changes and emergence of new technology. Although management believes it is at the forefront of technological developments, rapid changes in technology could have an adverse financial impact on the Company.

Accounting Policies

These financial statements have been prepared under Dutch generally accepted accounting principles using the historical cost convention. Departures from historical cost rules, if any, are stated separately. Profits on transactions are recognized at the time the transaction is conducted and concluded. Losses are accounted for as soon as they are foreseen. Effective, January 1, 1999, the European Economic and Monetary Union ('the EMU') created a single European currency (the 'euro') for its member countries, which includes the Netherlands. The accompanying financial statements are reported in euros for all periods presented. Amounts were restated from Dutch guilders into euros by dividing the amounts in Dutch guilders by the January 1, 1999 exchange rate of 2.20371.

Basis of Consolidation

The consolidated financial statements include, on the basis of full consolidation, the financial data of TIE Holding NV, Hoofddorp and its subsidiaries:

Name	Statutory seat	
TIE Nederland BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%
TIE Product Development BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%
TIE International BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%
Gordian Investments BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%
Nextoria BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%
TIE Belgium NV/SA	Mol, Belgium	100%
TIE Commerce Inc.	Burlington, United States of America	100%
TIE Asia Pacific Ltd.	Hong-Kong, China	100%

All significant inter-company balances and transactions have been eliminated.

Risks and Uncertainties

The preparation of financial statements in conformity with generally accepted accounting principles in The Netherlands requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Intangible Fixed Assets

Intangible fixed assets are carried at cost less amortization. Periodic review of the valuation is done and impairment is recorded when deemed necessary.

Goodwill

This represents the excess of the purchase price and related costs over the fair value assigned to the net assets of the businesses acquired. Goodwill is capitalized on the balance sheet and amortized over its estimated life.

Valuation is the lower of historical cost less amortization or the net realizable value, impairment tests are executed and for that reason an extra impairment loss was taken in fiscal 2001, over fiscal 2002 an extra impairment was not deemed necessary and therefore not taken.

Development Costs

Certain software development costs relating to the completion of internally developed products for customers are capitalized as intangible fixed assets when technological feasibility is established, normally after the completion of a detailed program design.

Capitalized amounts are carried at the lower of un-amortized cost and net realizable value and are amortized on a product-by-product basis. The annual amortization is the greater of the amount using the ratio of current revenue to the total anticipated revenue for the product and the amount computed using a straight-line method over the estimated life of the product (generally 3 years) commencing when the product is available for general release to customers. Estimated lives are revised when new products or product enhancements affecting product lives are completed. Establishing the technological feasibility and the ongoing assessment of the recoverability of capitalized amounts are mainly based on management's assessment of such factors as future revenues, product lives and economic changes in the Company's market.

Tangible Fixed Assets

Tangible fixed assets are carried at cost less depreciation (straight line method) based on their estimated useful lives.

Financial Fixed Assets

The participating interests in group-companies are stated at the Company's share in the net asset value of the participating interests at the balance sheet date, unless stated otherwise. The net asset value is calculated on the basis of the same policies as those, which apply to these financial statements. The 30% participating interest in TIE France SAS is stated at cost.

In December 2001, the Company acquired 18% of the share capital in RetailConnect B.V. for an amount of EUR 20K. This company is set up by the initiators of the RetailConnect platform to act as the representing and facilitating entity for the initiative to build an information warehouse for the non-food retail sector. The 18% participating interest is stated at cost.

Stocks

Stocks are valued at the lower of cost and estimated realizable value. Cost is determined on a first in, first out basis.

Debtors

Debtors are stated net of a provision for doubtful debts.

Other Assets and Liabilities

All other assets and liabilities are stated at the amounts at which they were acquired or incurred.

Revenue Recognition

License revenue is derived from software licensing fees. Maintenance and service revenue is derived from maintenance support services, training and consulting. License revenue is recognized upon delivery, if the Company has a signed agreement in place, the license fee is fixed and determinable, and collection of the resulting receivable is deemed probable. Sales to third parties are recorded upon product shipment subject to the conditions noted above. Delivery is further defined in certain contracts as delivery of the product master or first copy for non-cancelable product licensing arrangements under which the customer has certain software reproduction rights. Service revenue from customer maintenance fees for ongoing customer support and product updates is recognized pro rata over the term of the maintenance contract, which is typically twelve months. Maintenance fees are generally paid in advance and are non-refundable. Service revenue from consulting and training is billed separately and is recognized as the services are performed.

Taxation

Taxation is calculated at standard rates, taking account of tax facilities and differences between the valuation of assets and liabilities for accounting and for tax purposes. Deferred tax assets and liabilities are established for temporary differences between the financial and tax bases for assets and liabilities using currently enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is established for deferred tax assets for which realization is not likely in the near future.

Pensions

The Company and its subsidiaries have insured contributory pension plans covering substantially all employees. Pension obligations are funded through premiums.

Costs

Costs are recognized in the year to which they relate.

Foreign Currency Translation and Financial Instruments

The functional currencies of the Company's foreign subsidiaries are the local currencies. Accordingly, assets and liabilities of foreign subsidiaries are translated to the euro at period-end exchange rates and revenue and expenses are translated using the average monthly rates during the period. The effects of foreign currency translation adjustments have been accumulated and are included in a foreign currency translation provision included in shareholder's equity.

Assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date. Exchange differences are taken to the profit and loss account with the exception of translation variances on inter-company loans provided to the subsidiaries, which are taken into shareholders' equity. Transactions denominated in foreign currencies are translated at the rates ruling on the transaction date.

Foreign currency transaction gains and losses are included in financial income/ (expense).

Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash consists of current accounts with banks and cash in hand. Payments of interest and income taxes are included in cash flows from operating activities.

Net Loss per Share

Basic earnings or loss per share is computed based on the weighted-average number of Ordinary Shares outstanding during the period. Diluted earnings or loss per share is computed based on the weighted-average number of Ordinary Shares outstanding including the effect of stock options and warrants, if any. Basic and diluted loss per share is the same for all periods presented because the impact of stock options outstanding is anti-dilutive.

Consolidated balance sheet

Intangible Fixed Assets

Goodwill

(EUR x 1,000)	September 30, 2002
Net value at beginning of period	10,606
Net effect of change in accounting principles	
Net book value at beginning of period	10,606
Adjustment purchase price DNS	(19)
Translation adjustment	(619)
Amortization	(2,944)
Net book value at end of period	**7,024**
Accumulated amortization	14,058

The result of the impairment testing in fiscal year 2001 on the value of the goodwill has led the Company to an additional amortization charge of EUR 4.6 million. The additional charge related to the US based operations, which were acquired when market sentiment was buoyant. Management then revalued the Company according to current market value, being the higher of the calculated present and economic value of the Company. The present value has been based on TIE Commerce Inc. part of the market capitalization of the Company. The economic value has been based on the discounted cash flow of TIE Commerce Inc. for a five-year period. The interest rate used was the five-year Government Bond rate including a risk premium. A similar testing was made during and at the end of 2002, based on the results no extra impairment charge was taken in fiscal year 2002.

A large part of the capitalized goodwill is denominated in US dollars. The translation adjustment related to the currency conversion is deducted from equity.

The amortization on goodwill is based upon a life of 5 years. The remaining life of the goodwill is 2.1 years (2001: 3.1 years).

Other intangible fixed assets

Software development costs

(EUR x 1,000)	
Net book value at October 1, 2001	792
Additions	1,172
Amortization	(400)
Net book value at September 30, 2002	**1,564**
Accumulated amortization at September 30, 2002	705
Depreciation period	3 years

Development costs for new products are capitalized when technological feasibility is established. The additions during 2002 reflect the capitalization of (internal) development costs in new products that have been completed or enhanced during the year. The impairment test on the book value of these products did not lead to incremental amortization charges in financial year 2002.

Depreciation of these development costs is recorded in depreciation and amortization expenses of fixed assets under general, development and administrative expenses.

Tangible fixed assets

Movements in the financial year were as follows:

(EUR x 1,000)	Fixtures and fittings	Hardware And Software	Vehicles	Total
Net book value at October 1, 2001	2,271	1,143	24	3,438
Additions	82	121	16	219
Disposals	(15)	–	(5)	(20)
Translation adjustments	(24)	(35)		(59)
	2,314	1,229	35	3,578
Depreciation charge for 2002	573	596	10	1,179
Net book value at September 30, 2002	**1,741**	**633**	**25**	**2,399**
Accumulated depreciation at September 30, 2002	1,777	2,722	16	4,515
Depreciation periods	5 years	2-3 years	3 years	

Financial fixed assets

Financial fixed assets relate to investments in participations. The movement can be broken down as follows:

Investments in participations

(EUR x 1,000)	September 30, 2002	September 30, 2001
Net book value at beginning of period	2	2
Acquisitions of participating interest	20	-
Net book value at end of period	**22**	**2**

The 30% participating interest in TIE France SAS and the 18% participating interest in Retail Connect B.V. are stated at cost. The 25% interest in TIE Middle East is valued at nil after the management buy out that took place in May 2002.

Taxation

(EUR x 1,000)	September 30, 2002	September 30, 2001
Corporate income tax, carry back	0	253
Corporate income tax, prepaid	15	57
Total	**15**	**310**

At September 30, 2002, the Company had a net operating loss carry forward for Netherlands corporate income tax purposes of approximately EUR 17 million, which may be used to offset future taxable income, which do not expire. The foreign net operating loss carry forwards amounted to approximately EUR 13 million, which predominantly does not expire for the next 20 years.

Management of the Company has evaluated the positive and negative evidence with respect to the possibility of realizing its deferred tax assets, which are comprised principally of net operating loss carry forwards. Management has considered the Company's history of losses and concluded that it is more likely than not that the Company will not realize the full benefits of these net operating loss carry forwards in the near future. Accordingly, the Company recorded a valuation allowance equal to 100% of the net deferred tax asset balance as at September 30, 2002,similar to last year. This explains the difference between the average statutory tax rate and the effective tax rate of nil.

Cash

The reported cash balance is unrestricted available.

Group equity

Capital and Reserves

The item Capital and Reserves is explained in further detail in the notes to the Company balance sheet.

Other Long-Term Liabilities

The interest rate on the medium-term facility with Delta Lloyd of EUR 2.5 million is the Delta Lloyd Base rate plus 2.5% (currently a total of 6.0%) per annum. CSD Investments B.V., a related party, guaranteed this facility. Part of the agreement with Delta Lloyd Bank was that the Company granted 100,000 warrants to Delta Lloyd Bank to acquire new ordinary shares at an original exercise price of EUR 5.00. TIE pledged 100% of the shares of TIE Nederland BV and TIE Commerce Inc as collateral for the facility. The Company renegotiated the terms of the loan, including the redemption schedule, after year-end, which is explained in subsequent events. The main changes relate to the repricing of the options to an amount of EUR 0.50 in combination with an extension of the redemption schedule for a year until December 31, 2003, unless available cash in the Company permits earlier redemption.

In 2001, the Company closed a mezzanine facility agreement with Berkshire Investments for an amount of EUR 2.0 million. The last draw down, in April 2002, amounted to EUR 0.5 million. The total outstanding amount under the facility amounts to EUR 2.0 million per the end of the fiscal year. The interest rate on this facility agreement was set at 10% and the facility matures for an amount of EUR 0.5 million by the 31 December 2002 and for the remaining EUR 1.5 million at 30 June 2003. To secure the facility, trade receivables of the European entities and the tangible fixed assets of the Netherlands entities have been pledged. For the additional draw down of EUR 0.5 million in April 2002, an additional amount of USD 0.5 million in trade receivables has been pledged. As a consideration for granting the facility, the Company granted a 5-year option to acquire 3 million ordinary shares at an exercise price of EUR 1.00. The options expire on August 1, 2006. After year-end, the Company also renegotiated the conditions of this facility, which is explained in the subsequent events. The changes in the conditions include that another EUR 0.5 million will be available as working capital. The total loan will have additional collateral in the form of a pledge on the shares of TIE Belgium and a second pledge on the shares in TIE Commerce. Also the accounts receivable of TIE Commerce are pledged to Berkshire. The interest rate was lowered to 8%. The consideration for the facility amounted to another option to acquire 3 million shares in the Company. All options were repriced to a level of EUR 0.50 and expire in 2007. The redemption on the loan was extended until 31 December 2004, unless available cash in the Company permits earlier redemption.

The factoring agreement with Silicon Valley Bank in the US is still in force per year-end, although no amount was drawn at year-end. The use of this facility is restricted to an amount of EUR 0.7 million as part of the arrangements with Berkshire Investments. An amount of EUR 0.5 million of this EUR 0.7 million can only be used for redemption on the Berkshire loans.

The Company has a note payable amounting to EUR 13K (plus short term portion EUR 10K) at 7% interest. In Belgium the long-term portion of financial car leases amounts to EUR 12K (short term portion EUR 6K).

Current liabilities

Credit Institutions and Banks:

This reflects a bank overdraft in the Netherlands of EUR 46K. CSD Investments BV, a related party, acted as guarantor for this facility, and a capital lease agreement in the U.S amounting to EUR 33K maturing per August 26, 2003.

Deferred revenue

Deferred revenue refers mainly to service and maintenance fees invoiced in advance.

Taxation and social security contribution

(EUR x 1,000)	September 30, 2002	September 30, 2001
Payroll tax	109	346
Social security contributions	(9)	353
Pensions	199	156
VAT	606	504
Total	**905**	**1,359**

The Company's U.S. affiliate TIE Commerce, Inc. has not filed its Federal and State income tax returns for the years 2000 and 2001. In addition, this affiliate has not yet registered, with respect to sales tax, with certain states in which it does business. The Company has collected sales tax from its customer related to sales in these states, but has not remitted amounts due. The Company currently has a sales tax reserve recorded on its books of approximately USD 541K.

Financial Instruments

Total long term loans

(EUR x 1,000)	September 30, 2002	September 30, 2001
Beginning of year	4,000	0
Additions	500	4,000
Redemption	0	0
Total	**4,500**	**4,000**

During the year, the Company increased its long-term loans by drawing the remaining EUR 0.5 million on the facility with Berkshire Investments.

Credit risk

The Company has no significant credit risk, other than those, which have already been provided for, nor any concentrations of credit with a single customer or in an industry or geographical region, which carries an unusually high credit risk.

Interest risk

The analysis of total long and short term liabilities by interest rate and by repayment or next interest rate revision date, whichever is earlier, is as follows:

Interest rates (EUR x 1,000)	September 30, 2002	September 30, 2001
Floating interest rate (currently 6.0%)	2,500	2,500
10% (8% per December 2002)	2,000	1,500
Total	**4,500**	**4,000**

Repayment (EUR x 1,000)	September 30, 2002	September 30, 2001
October 2002 to September 2003	0	2,850
October 2003 to September 2007	4,500	1,150
from October 2007	0	0
Total	**4,500**	**4.000**

The terms and conditions of the loans were renegotiated after year-end. No amounts need to be redeemed before December 2003. In addition, the interest rate with Berkshire was lowered from 10% to 8%. Further details of the renegotiated financing facility with Berkshire Investments and Delta Lloyd are noted in the subsequent events.

The fair value of the financial instruments included in long-term liabilities approximates the carrying value.

All other financial instruments include cash and cash equivalents, trade debtors, prepaid expenses and other current assets, accounts payable, accrued liabilities and notes payable. The carrying amount of these monetary assets and liabilities approximate their fair value.

Consolidated Profit and Loss account

(EUR x 1,000)	October 1, 2001 to September 30, 2002	October 1, 2000 to September 30, 2001
Net Turnover		
Licenses	4,544	6,218
Consultancy	3,465	6,143
Service and maintenance	6,132	7,261
	14,141	19,622
Personnel expenses		
Salaries	8,354	13,804
Social security charges	659	1,648
Pension premiums	173	148
	9,186	15,600
Interest expense		
Bank interest and charges	206	146
Exchange results (gains)	(9)	9
Other loans	191	25
	388	180

Depreciation and Amortization

Although depreciation on tangible fixed assets decreased, the amortization on intangible fixed assets increased. This resulted in stable depreciation costs over the two years. Amortization charges related to goodwill paid decreased, as the Company took an extra impairment charge of EUR 4.1 million last year. Based on this year's impairment testing no additional charge was deemed necessary.

(EUR x 1,000)	2002	2001
Depreciation and amortization Fixed Assets	1,579	1,545
Amortization Goodwill	2,944	7,038
Total Depreciation & Amortization	**4,523**	**8,583**

The depreciation charges relate mainly to the fixed assets of the Company offices, the amortization on intangible fixed assets amounted to EUR 0.4 million (2001: EUR 0.2 million)

Segment Information

The Company operates mainly in one business segment, but operates in different countries through subsidiaries. All subsidiaries provide similar products and services and these subsidiaries have been aggregated for the purpose of business segment disclosures. Net revenues by geography are based primarily on the location of the customer. Geographic information concerning the Company's operations can be summarized as follows:

(EUR x 1,000)	October 1, 2001 to September 30, 2002	October 1, 2000 to September 30, 2001
Net revenue:		
The Netherlands	2,760	3,388
Rest of Europe	1,761	1,559
United States of America	8,852	13,473
Rest of the World	731	1,202
	14,141	19,622
Total costs (including depreciation and amortization:		
The Netherlands	7,053	11,352
Rest of Europe	1,088	1,462
United States of America	10,699	20,228
Rest of the World	203	2,635
	19,043	35,677
Results:		
The Netherlands	(4,256)	(7,964)
Rest of Europe	673	97
United States of America	(1,847)	(6,755)
Rest of the World	528	(1,433)
	(4,902)	(16,055)
Total assets:		
The Netherlands	12,677	17,852
Rest of Europe	479	556
United States of America	7,418	11,171
Rest of the World	0	113
Elimination	(6,705)	(9,136)
	13,869	20,556
Total liabilities:		
The Netherlands	16,924	17,753
Rest of Europe	723	942
United States of America	16,826	19,731
Rest of the World	1,413	1,399
Elimination	(25,826)	(28,637)
	10,060	11,188
Total investments in intangible and tangible fixed assets:		
The Netherlands	598	988
Rest of Europe	27	49
United States of America	766	102
Rest of the World		225
	1,391	1,364

Total costs of EUR 19 million for the year 2002 include EUR 4.5 million depreciation and amortization charges. The depreciation and amortization charges relate for EUR 2.0 million to the Netherlands and for EUR 2.5 million to the United States of America. In previous year, the depreciation and amortization charges, impairment included, totaled EUR 8.6 million (primarily the United States of America EUR 6.6 million and the Netherlands EUR 2.0 million).

Personnel

The average number of personnel during financial year 2002 amounted to 154 compared to 249 in the preceding year. As the Company changed strategy during 2001, the Company downsized significantly in the second half of 2001 to have expense levels match the revenue opportunities. Total headcount as per year-end is 30 FTE's lower than last year. The breakdown by department of headcount per year-end is as follows:

Full Time Equivalents	**2002**	**2001**
Research and Development	25	37
Selling and Marketing	35	30
General and Administrative	89	112
	149	179

Remuneration of Board of Directors and Board of Supervisors

The remuneration, including pension costs in the current financial year for the Board of Directors and the Supervisory Board amounted to EUR 352K (2001: EUR 190K) and EUR 30K (2001: EUR 20K) respectively.

The Shareholders set the terms and conditions of employment for the Board of Directors on a yearly basis. In setting the terms and conditions a policy of motivation and bonding is leading. Part of the remuneration is determined to be variable as a connection between performance and remuneration is deemed to be appropriate. The variable part of the remuneration is dependent on specific objectives set by the Supervisory Board.

The fixed remuneration and variable part of it for the individual members of the Board of Directors are as follows:

	Drs Th.H. Raman	**W.S. Bos RA**
Fixed remuneration	190	130
Variable part	0	32
Total fiscal year 2002	**190**	**162**
Total fiscal year 2001	190	n/a

Remuneration includes all cost of employment to the Company, meaning including pension arrangements, lease vehicles and so on.

The Shareholders determine the remuneration of the members of the Supervisory Board. All members are entitled to a remuneration of EUR 10K per year.

Contingent Liabilities

Leases

Company cars were contracted under an operating lease agreement. There is no long-term commitment in respect of these lease agreements. The monthly lease charge at September 30, 2002 amounted to EUR 27K.

Rental Agreements

Under the rental agreements concluded, the annual rental charge, including service costs for all TIE offices, is approximately EUR 1.2 million. For the larger part, the remaining term of the lease is approximately 7 years.

Other

Related Party Transactions

As at September 30, 2002, Drs. Th. H. Raman, founder and Chief Executive Officer of the Company, through his personal holding company CSD Nederland BV, owned 75% of CSD Investments BV, which in turn is a large shareholder in TIE Holding N.V.

CSD Investments BV was founded in 1998 as a venture capital company whose activities include investing in joint ventures and/or partnerships in new technologies, educational programs, research projects and sales, consulting, and support activities principally in the technology markets. TIE has entered into certain agreements with entities owned or controlled by CSD Investments BV and CSD Nederland BV, and has recognized revenue and reimbursement of expenses from, and incurred costs for goods and services provided by, such related parties.

CSD Investments B.V. acts as guarantor for the financing facility provided by Delta Lloyd Bank in December 2000.

No amounts were owed or due by affiliated / related parties (2001: 61K).

COMPANY BALANCE SHEET AT SEPTEMBER 30, 2002

(After proposed appropriation of results)

Assets

(EUR x 1,000)	September 30, 2002	September 30, 2001
Fixed assets		
Intangible fixed assets	2,458	3,523
Tangible fixed assets	1,484	1,898
Financial fixed assets	6,258	8,963
Total fixed assets	**10,200**	**14,384**
Current assets		
Debtors	170	491
Cash and cash equivalents	9	549
Total current assets	**179**	**1,040**
Total assets	**10,379**	**15,424**

Liabilities and stockholders' equity

(EUR x 1,000)	September 30, 2002		September 30, 2001	
Capital and reserves				
Issued and paid-up share capital	1,570		1,570	
Share premium	35,788		37,168	
Foreign currency translation reserve	-		49	
Legal reserve	1,564		792	
Other reserves	(35,113))		(30,211)	
		3,809		9,368
Long term credit facility		4,500		4,000
Provision		395		466
Short term loans and Bank overdraft		46		48
Creditors		1,629		1,542
Total liabilities and stockholders' equity		**10,379**		**15,424**

Company Profit and Loss Account

(EUR x 1,000)	October 1, 2001 to September 30, 2002	October 1, 2000 to September 30, 2001
Result of participating interests	(1,905)	(11,742)
Loss on ordinary activities before taxation	(2,997)	(4,566)
Corporate income tax credit	0	253
Net Result	**(4,902)**	**(16,055)**

Notes to the Company Financial Statements

General

The Company has opted to prepare an abbreviated profit and loss account in accordance with the exemptions provided by Section 402, Part 9, Book 2 of the Netherlands Civil Code.

Unless stated otherwise, the same accounting policies apply as those stated in the notes to the consolidated financial statements.

Notes are provided for items in the Company financial statements insofar as these are not already provided in the notes to the consolidated financial statements.

Company Balance Sheet

Intangible Fixed Assets

Goodwill

(EUR x 1,000)	September 30, 2002
Net book value at beginning of period	3,523
Adjustment purchase price DNS	(19)
Amortization	1,046
Net book value at end of period	**2,458**
Accumulated amortization	5,320

The remaining life of the goodwill is 2.1 years (2001: 3.1 years). Impairment testing on the outstanding amount did not reveal any impairment charges to be taken.

Tangible Fixed Assets

(EUR x 1,000)	Fixtures and fittings	Hardware and software	Total
Net book value at October 1, 2001	1,799	99	1,898
Additions	0	12	12
Depreciation charge for 2002	358	68	426
Net book value at September 30, 2002	**1,441**	**43**	**1,484**
Accumulated depreciation September 30, 2002	884	765	1,649
Depreciation periods	5-10 years	2-3 years	

Financial Fixed Assets

Financial fixed assets relate to investments in subsidiaries. The movement can be broken down as follows:

(EUR x 1,000)	Subsidiary Investments	Amounts owed by subsidiaries	Total
Net book value at October 1, 2001	18	8,945	8,963
Transfer of Shares TIE France	(2)		(2)
Share of net result	(1,905)	-	(1,905)
Redemptions		(1,577)	(1577)
Write off loans against deficit in equity respectively			
Transfer to provision for equity deficit	1,054	(1,125)	(71)
Foreign exchange difference	850	–	850
Net book value at September 30, 2002	**15**	**6,243**	**6,258**

Provisions have been recognized in full for the deficit in equity of subsidiaries and deducted from the loan balance or have been recorded as provision for equity deficit, except for TIE France which is valued at cost. The loans have usually a term of more than one year and include subordinated loans amounting to 420K at an interest level of 6,5% per annum.

Debtors

(EUR x 1,000)	September 30, 2002	September 30, 2001
Trade debtors	13	57
Amounts owed by affiliated companies	-	61
Taxation	10	266
Other receivables and prepayments	147	107
Total	**170**	**491**

Cash and cash equivalents

No amounts were restricted

Capital and Reserves

Issued and Paid-up Share Capital

The Company's authorized share capital amounts to EUR 7.5 million, divided into 25 million cumulative preference shares and 50 million ordinary shares with a nominal value of EUR 0.10 each. On October 1, 2001 a total of 15,699,646 ordinary shares of EUR 0.10 each are paid-up and called-up, resulting in issued and paid-up share capital of EUR 1,569,965. No preference shares are outstanding.

No shares were issued during fiscal year 2002. In 2003, new shares were issued as noted in the subsequent events.

The rolling balance of equity is broken down as follows:

(EUR x 1,000)	2002	2001
Issued and paid-up share capital		
Opening Balance	1,570	1,400
Shares issued	-	170
Closing Balance	**1,570**	**1,570**
Share premium account		
Opening Balance	37,168	36,370
Costs shares issued	(8)	-
Transferred to legal reserve	(772)	(792)
Transfer to foreign currency translation reserve	(600)	-
Shares issued	-	1,590
Closing Balance	**35,788**	**37,168**
Foreign currency translation reserve		
Opening Balance	49	67
Transfer to other reserves due to deconsolidation		36
(Deductions) /additions	(649)	(54)
Transfer from share premium account	600	-
Closing Balance	**-**	**49**
Legal reserves		
Opening Balance	792	-
Transferred from share premium account	772	792
Closing Balance	**1,564**	**792**
Other reserves		
Opening Balance	(30,211)	(20,888)
Net effect of change in accounting principles	0	6,768
Revised opening balance	(30,211)	(14,120)
Transfer from currency translation provision		(36)
Appropriation of result for period	(4,902)	(16,055)
Closing Balance	**(35,113)**	**(30,211)**

In both years a legal reserve has been created with respect to the capitalized software development costs.

Options and warrants

Employee stock option plans in fiscal year 2002

The general meeting of shareholders determined that in each financial year a maximum of 1% of the authorized share capital could be issued as employee options. Any un-awarded options can be carried over to subsequent years.

In December 2001, the Board of Directors granted an additional 258.750 options to the employees of the US operations under the option plan of 2001. The original plan, as outlined in the IPO prospectus, was to grant the personnel in the US options in the US-company, but the Board of Directors is of the opinion that it is in the interest of TIE Holding N.V. to grant all personnel options in TIE Holding N.V. This focuses all personnel towards increasing shareholder value for TIE Holding N.V.

Per September 30, 2002 1,510,971 options were awarded to all employees of the Company in the Netherlands, Belgium and the U.S. Due to local legislation the conditions of the individual country plans differ slightly as shown in the table below. The options are distributed as follows:

Members of Supervisory Board	80,000 options
Members of the Board of Directors	240,000 options
All other employees	1,190,971 options

Other stock option plans

The Company granted a 5-year option to acquire 3.0 million shares as compensation for the mezzanine facility agreement that was arranged by Berkshire Investments in the summer of 2001. The options expire 1 August 2006 and have an exercise price of EUR 1.00. The options were repriced after year-end to a price of EUR 0.50 as a result of the negotiations on the total facility as explained in the subsequent events. The term has been extended until October 2007.

Warrants

The Company concluded an Equity Line Agreement with Navigator, an American Venture Capitalist Company in May 2001. Part of the agreement was that TIE issued 500,000 warrants to Navigator. The warrants expire 9 May 2004. Navigator has 400,000 warrants at a strike price of EUR 2.09 and 100,000 warrants at a strike price of EUR 2.50. As part of the negotiations with Navigator for the extension of the equity line, the warrants were repriced after year-end as explained in the subsequent events.

After the renegotiated financing facilities, the following is a summary of the Company's stock option activity (including warrants):

OPTIONS	**Options granted**	**Cancelled**	**Outstanding options**	**Weighted average exercise price**	**End Date**
Employee stock option plan 1999 NL	227,482	123,478	104,004	2.03	Feb 2003
Employee stock option plan 1999 BE	87,312	21,614	65,698	2.03	Feb 2004
Employee stock option plan 2001 NL	419,487	62,261	357,226	0.63	Mar 2005
Employee stock option plan 2001 BE	74,063	-	74,063	0.59	Jun 2005
Employee stock option plan 2001 US	258,750	90,750	168,000	0.63	Mar 2005
Employee stock option plan 2002 NL	867,227		867,227	0.65	Mar 2006
Employee stock option plan 2002BE	110,546		110,546	0.57	Jun 2006
Employee stock option plan 2002 US	533,198		533,198	0.57	Mar 2006
Berkshire Investments	3,000,000	-	3,000,000	0.50	Oct 2007
Berkshire Investments	3,000,000	-	3,000,000	0.50	Dec 2007
Total	**8,578,065**	**290,603**	**8,287,462**		
WARRANTS					
Delta Lloyd Bank	100,000	-	100,000	0.50	Dec 2008
Navigator	100,000	-	100,000	0.60	Nov 2005
Navigator	100,000	-	100,000	0.70	Nov 2005
Navigator	100,000	-	100,000	0.80	Nov 2005
Navigator	100,000	-	100,000	0.90	Nov 2005
Navigator	100,000	-	100,000	1.00	Nov 2005
Total	**600,000**		**600,000**		

For the employee stock option plan 2001, it has been agreed that the options vest according to a certain schedule. At year-end 2002, only 58,500 options were vested; the remaining 117,000 options will vest pro rata per quarter over the next two years.

All other US options have not vested.

The Company intends to issue new shares for the coverage of the outstanding options and warrants liabilities. This policy will, however, be reviewed continuously based on the financial position of the Company.

Provision for equity deficit subsidiary

There is a Provision for equity deficit for subsidiaries.

(EUR x 1,000)	2002	2001
Opening Balance	466	173
Deduction	(71)	293
Closing Balance	**395**	**466**

Creditors

(EUR x 1,000)	September 30, 2002	September 30, 2001
Trade creditors	657	758
Taxation and social security contributions	16	77
Pension premiums	199	156
Amounts owed to affiliate companies	17	-
Inter-company	357	-
Other payables and accruals	383	551
Total	**1,629**	**1,542**

Company Profit and Loss account

Personnel

Personnel expenses

(EUR x 1,000)	October 1, 2001 to September 30, 2002	October 1, 2000 to September 30, 2001
Salaries	583	1,024
Social security charges	31	40
Pension premiums	38	26
Total	**652**	**1,090**

The average number of personnel during financial year 2002 amounted to 10 (2001: 10).

Contingent Liabilities

Leases

Company cars were contracted under an operating lease agreement. There is no long-term commitment in respect of these lease agreements. The monthly lease charge at September 30, 2002 amounted to EUR 5K.

Rental Agreements

Under the rental agreements concluded, the annual rental charge, including service costs for the offices of TIE at Schiphol-Rijk, is approximately EUR 759K. The rental agreement expires in 2010.

Taxes

The Company has formed a fiscal unit for corporate income tax and VAT with TIE Nederland BV, TIE International BV, TIE Product Development BV and Gordian Investments BV. Based on this, TIE Holding BV is jointly and severally liable for the corporate income tax liabilities of the fiscal unit as a whole.

Other

The Company has issued guarantees in respect of TIE Nederland BV, TIE International BV, TIE Product Development B.V. and Gordian Investment BV pursuant to Section 403, Book 2 of the Netherlands Civil Code. Furthermore the Company issued a letter of support to TIE Belgium NV/SA.

Other information

Appropriation of Net Result

According to Article 26 of the Company's articles of association, the annual meeting of shareholders determines the appropriation of the Company's net result for the year. The managing directors propose that the net loss of EUR 4.8 million will be charged to Other Reserves. The financial statements have been prepared on the assumption that this proposal will be adopted.

Subsequent Events (unaudited)

On the 1st of October 2002, new employment agreements were negotiated for the Board of Directors. No material changes were negotiated.

In October 2002, the Company used its factoring agreement with Silicon Valley Bank for an amount of EUR 160K. The amount was fully repaid in January 2003.

In November 2002, the Company extended the term of the equity line agreement with Navigator Investments Holding for another 18 months. The Company has no obligations under this agreement, but can at its request draw cash for new to be issued shares. As a consideration for the extension of the agreement, the Company repriced the previously issued warrants into 5 series of 100,000 warrants each at strike price of EUR 0.60, EUR 0.70, EUR 0.80, EUR 0.90 and EUR 1.00.

During October and November 2002, the Company issued new shares to the following investors:

	Ordinary Shares	Average Price
Orange Fund	1.2 million	EUR 0,53
Delta Lloyd	0.25 million	EUR 0.50
Navigator Investments Holding	0.25 million	EUR 0,60

Orange Fund as well as Delta Lloyd now owns a stake in the Company of more than 5%. The stake CSD Investment BV holds in TIE was diluted to approximately 46%, due to the new share issues.

Total number of outstanding shares per November 20, 2002 including all newly issued shares as described above increased to 17,399,646.

In January 2003, the Company has successfully renegotiated its existing financing facilities with Berkshire Investments (Netherlands). These facilities were due to be repaid during fiscal year 2003. The Company entered into negotiations to postpone the redemption on these loans whereby parties have now agreed on postponement of repayment until December 31, 2004. TIE issued another option to acquire 3 million ordinary shares as a consideration for increasing the working capital facility, the extension of the redemption by more than two years and reducing the interest rate on the facility. All options were priced at the same price of EUR 0.50 and have a five-year term, expiring at 1 October 2007. The interest rate was reduced from 10% to 8% and the facility was increased by another EUR 0.5 million to an amount of EUR 2.5 million. It is possible to redeem earlier, when the cash is available. If the cash flow exceeds the projections, redemption becomes mandatory. As collateral for the total facility, the Company pledged its account receivables, the fixtures and fittings of the building in Schiphol-Rijk. Also a first pledge was granted on the shares of TIE Belgium NV and a second pledge was granted on the shares of TIE Commerce Inc.

At the same time, the facility with Delta Lloyd Bank for an amount of EUR 2.5 million was postponed for another year. A redemption schedule was agreed starting December 31, 2003 and ending on March 31, 2005. As a consideration for the postponement, the previously issued warrants of Delta Lloyd Bank were repriced to the same level of EUR 0.50 and the warrants expire as of February 20, 2008. It is possible to redeem earlier, when the cash is available. If the cash flow exceeds the projections, redemption becomes mandatory.

AUDITORS’ REPORT

Introduction

We have audited the financial statements of TIE Holding N.V., Amsterdam (Schiphol-Rijk), for the year October 1, 2001 – September 30, 2002 as set out on pages 25 to 47. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at September 30, 2002 and of the result for the year October 1, 2001 – September 30, 2002 in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Emphasis of matter

Without qualifying our opinion above, we draw attention to the ‘basis of presentation’ on page 30 of the financial statements, which refers to the uncertainty as to the Company's ability to continue as a going concern. However, the explanation provided shows that it is not impossible that the business operations will be maintained in the longer term. As a consequence, the accounting principles applied are based on the assumption that the Company will be able to continue as a going concern.

The Hague, January 31, 2003

ERNST & YOUNG ACCOUNTANTS

Shares and Shareholders

The interests in the capital of the Company of the Members of the Board of Directors and Supervisory Board at September 30, 2002 are shown below.

	Ordinary Shares	Options to acquire Ordinary Shares
D. Hobart	10,700	58,346
J.W. Cutts	-	40,000
B. Geersing	-	35,000
W.S. Bos	2,850	265,000
Th.H. Raman	6,013,339	-

The options that were granted to the Board of Supervisors and the Board of Directors have the following terms:

	Option plan 1999	Option plan 2001	Option plan 2002	Total
Exercise price	*EUR 2.03*	*EUR 0.63*	*EUR 0.65*	
Term	*January 2003*	*March 2004*	*March 2005*	
D. Hobart	8,346	25,000	25,000	58,346
J.W. Cutts	-	20,000	20,000	40,000
B. Geersing	-	-	35,000	35,000
W.S. Bos	-	25,000	240,000	265,000
Total	**8,346**	**70,000**	**320,000**	**398,346**

On September 30, 2001 CSD Investments BV holds 8,017,785 shares in TIE Holding NV. Drs. Th.H. Raman is the sole Director and holds 75% of the share capital and therefore shares in TIE Holding NV. These are included in the table above. The other shareholders of CSD Investments BV are R.P. Stolwijk, R.F. Raman, and L. Wouters. All shareholders participate in CSD Investments BV through their respective personal holding companies named respectively: CSD Nederland BV, R. Stolwijk Holding BV, Säl BV and GCV Wouters & Co.

Dividend policy

Over the past financial years TIE has not declared or paid dividends to its shareholders.

Management intends to retain any future earnings for investment in the further development and expansion of the Company (including through acquisitions) and does not foresee that the Company will pay dividends next year.

The Ordinary Shares are fully entitled to the dividend, if any, for the financial year ending September 30, 2002 and subsequent financial years. Payment of dividends can be made either in cash or in stock.

Investor Relations

It is TIE's policy to cultivate an open relationship with its Shareholders. In its publications, press releases and websites TIE tries to give an open and informative view on events in order to provide transparency for Shareholders. On a regular basis TIE issues press releases through the EuroNext Amsterdam Stock Exchange (http://www.euronext.com) and via the website (http://www.tieglobal.com/). TIE Subsidiaries may also publish events related to their local market on their own websites

Regular one-on-one discussions with Financial Analysts and journalists have been conducted in the course of the year.

Where to find TIE...

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By using the Internet as THE platform to TIE business processes to those of trading partners companies will realize dramatic improvements in efficiency and build the foundation for ongoing success in B2B eCommerce. TIE believes that the Digital Business Community offers the best framework to leverage the power of the Internet and to speed up this process. By using the Internet as THE platform to TIE business processes to those of trading partners companies will realize dramatic improvements in efficiency and build the foundation for ongoing succes in B2B eCommerce. TIE believes that the Digital Business Community offers the best framework to leverage the power of the Internet and to speed up this process. By using the Internet as THE platform to TIE business processes to those of trading partners companies will realize dramatic improvements in efficiency and build the foundation for ongoing succes in B2B eCommerce. TIE believes that the Digital Business Community offers the best framework to leverage the power of the Internet and to speed up this process. By using the Internet as THE platform to TIE business processes to those of trading partners companies will realize dramatic improvements in efficiency and build the foundation for ongoing succes in B2B eCommerce. TIE believes that the Digital Business Community offers the best framework to leverage the power of the Internet and to speed up this process. By using the Inter-net as THE platform to TIE business processes to those of trading partners companies will realize dramatic improvements in efficiency and build the foundation for ongoing succes in B2B eCommerce. TIE believes that the Digital Business Community offers the best framework to leverage the power of the Internet and to speed up this process. By using the Internet as THE platform to TIE business processes to those of trading partners com-