TIE Holding NV

Annual Report

for the financial year 2003

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 2003 (October 1, 2002-September 30, 2003).

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 2003

October 1, 2002 - September 30, 2003

Financial Highlights

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

	2003	2002
Financial Results		
Revenue – Third Party	10,792	14,141
Depreciation & Amortization	(7,822)	(4,523)
Net Result	(13,717)	(4,902)
Shareholders' Equity		
Total Assets	5,627	13,869
Total Shareholders' Equity	(8,476)	3,809
Employees (expressed as full time equivalents)		
Average Number of Employees in Group Companies	128	154
Per Share of Ordinary Shares		
Net Result	(0.78)	(0.31)
Shareholders' Equity	(0.44)	0.24
Number of shares outstanding	19,135,225	15,699,646
Weighted average number of shares outstanding	17,500,519	15,699,646
Share price		
Introduction (March 2, 2000)	10.00	
Last Trading Day in financial year	0.27	0.50
Highest	0.80	1.29
Lowest	0.19	0.41

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Letter to the Shareholders

"The past year was one of the most difficult in TIE's history. At the start of the year we continued to aim for an EBITDA positive result. This worked well in 2002 and in spite of declining revenues, we managed to match our cost levels to the opportunities in the market.

In 2003 it became clear that is was not going to be possible to maintain this policy. That is why we decided to take those measures that were necessary to deal with the burdens of the past and make a fresh start in 2004, focusing entirely on a net positive result. This policy has already realized a net positive result for the first quarter of the new financial year and we plan to end this year with a net positive result as well.

Although it will take time before the improvements that we observe in the market can translate into higher revenues, we are optimistic for the future. In its current shape TIE can now withstand a prolonged period without increasing revenues. Once the market picks up and revenue grows, we will show a healthy profit.

Our past investments in product development have lead to a sophisticated product line that is ready to prosper in the market. The first reactions from customers are very encouraging and we have introduced these products in the US market where we have several prospects.

All in all, we believe that TIE has dealt with its past, it has been refinanced and is ready for the future. TIE is well positioned in the B2B Integration space and delivers products and services that increasingly will help companies to save costs and be successful in doing business electronically."

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

Report from the Supervisory Board

To the annual general meeting of shareholders,

During the year 2003, TIE's Supervisory Board held seven meetings during which it:

- Reviewed market developments and the performance of the Company with the management Board and where necessary, the auditors Ernst & Young.
- Considered strategic alternatives including mergers, downsizing and the sale of certain of TIE's subsidiaries.
- Supported the efforts of the Management Board to secure additional capital.
- Ensured the compliance of TIE with the reporting and governance requirements of EuroNext
- Determined an appropriate compensation policy for the Management Board.
- Ensured an orderly transition following the retirement of Mr. David Hobart as Chairman.

Our conclusion is that TIE has come through intact and in better shape after a very difficult year.

TIE's management has at all levels remained focused even though their customers have postponed the investment decisions on which TIE depends. TIE's recurring maintenance revenues have nevertheless stabilized at 40% of overall revenues. The cost base has been trimmed back to ensure that positive operating cash flow can be achieved and sustained quarter by quarter. The intention of TIE is that this development should translate into net profitability in 2004.

As TIE cut back, so it was felt appropriate for the Management Board and Holding be also trimmed. Wouter Bos stepped down as part of this process. We regret his departure and wish him all the best for the future.

TIE has carefully evaluated its strategic options and continues to find innovative and responsible solutions in order to meet its obligations to customers, creditors, shareholders, employees and the other stakeholders on which TIE depends.

TIE would not have prospered in 2003 without a reduction in both compensation and headcount. This was reflected right through the company - led by the Management Board, where the compensation policy was modified accordingly - details are reported below.

Given the size of TIE and the Supervisory Board, we do not have separate sub committees to cover audit, governance, compensation and compliance. Nevertheless, we believe that the level of reporting and disclosure practiced in TIE is sufficient to ensure that the Supervisory Board was able to adequately fulfill its obligations. The Chairman of the Supervisory Board met the Works Council on four occasions during the year and the Management Board was in total agreement with the Works Council throughout the reorganization of the Company.

Even though TIE's equity has turned negative, we believe that this outcome, whilst unfortunate, does not give rise to undue alarm.

During the year, the Supervisory Board welcomed Prof. Ton Veth, whose experience of TIE's technical and market environment is essential as a replacement for the knowledge of Dave Hobart who retired following the last Annual Shareholders Meeting.

TIE owes Dave a great debt of gratitude for all his efforts over the years as Chairman and we wish him all the very best in his retirement.

The challenges facing TIE continue - as do the opportunities. After the recent refinancing, we believe that the economic prospects in 2004 will make it possible for TIE to regain the initiative.

	John Cutts	Bauke Geersing	Ton Veth
Gender	Male	Male	Male
Age	53	60	57
Profession	Investment Banker	(Legal) Consultant	M.Sc., Ph.D.
Principal position	Chief Executive, Pall Mall Capital Ltd.	Director, Geersing Consultancy B.V.	CEO & President, Cebra B.V.
Nationality	British	Dutch	Dutch
Other positions	Supervisory Board memberships with: BPL Holdings Ltd. (Chairman); Dussmann AG; Co. KGaA	Supervisory Board memberships with: Weathernews Benelux; Dudok Arena B.V.; NIGZ; Radio Televisie Utrecht	None
Date of initial appointment	August 2001	February 2002	May 2003
Current term of office	August 2005	February 2006	May 2007
Supervisory Board memberships of public companies	None	N.V. KLM	None

Amsterdam, February 25, 2004

The Supervisory Board,

J.W. Cutts (Chairman)

Mr. B. Geersing

Prof. A.F.L. Veth

Bauke Geersing John Cutts Ton Veth

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 a major player 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."

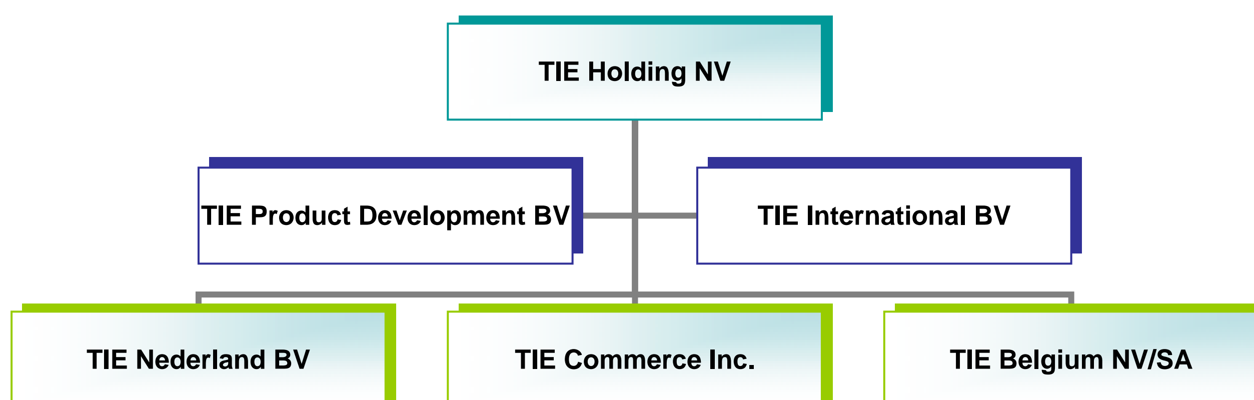
The essence of TIE's vision has been consistent ever since the emergence of the Internet in 1995. Only today we see that companies in general share this vision, although it will take many years before they will have implemented it.

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 during the financial year 2003 was 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 for over 16 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 Application Integration Market

After a long period of economic downturn and consolidation, there are the first signs of recovery in the market. Some important lessons have been learned and weak business models exposed. A major concern for executives today is how to control their organizations using their information technology. Generally speaking enterprises are not satisfied with the quality and frequency of management data and decision making information.

Enterprises are utilizing a myriad of different systems, from old mainframes, to home-grown PC applications. When acquisitions have taken place, companies even see themselves confronted with multiple ERP systems and infrastructures – a sub optimal environment to create high-quality management data.

The Y2K-problem taught us that completely replacing all old systems with one new ERP system is not the answer either; some companies are still trying to get back to the level of information they had before 2000. The answer today is that Application Integration Platforms have come on the market that allow existing applications to talk to each other using XML and webServices. Using these platforms as a layer above the existing applications they can be integrated to one virtual information system, which can provide the desired management data to support decision making.

The first implementations of these platforms are showing promising results, which is why the big research companies like Gartner and Forrester, recently predicted that 20% of IT spending in the coming years will be on Integration, thereby creating the biggest growth market for IT and the optimism for companies in this space to see improved sales.

The fundamental challenge here is that business processes need to be simplified. Otherwise inefficiency is automated, which will not bring any business benefits. Streamlining business processes will make them more agile and less costly. It is therefore a priority to select and implement integration tools for processes and applications. Those solutions will provide a higher degree of automation and will maximize the return on investments in legacy systems or packages acquired in recent years.

Existing IT infrastructure – which may have consumed significant resources to be built – should also provide better returns. Organizations should study server consolidation, possibilities to improve processing performance and security and even consider selling some assets and start outsourcing the infrastructure, in order to generate important benefits for the business.

We are all 'plugged' into a large 'business digital network', meaning it is imperative to check whether the current technology solutions in place contribute to keeping the business 'connected', or are obstacles to be cleared.

There are two distinct types of Application Integration. There is Enterprise Application Integration (EAI), which integrates systems within one company, and there is Business-to-Business Integration (B2Bi), which does the same thing between companies. From a technology point of view, there is hardly any difference; the same technology can be used. The main difference is in the content and the meaning of the information that is exchanged between the applications. When two applications that are controlled by the same entity need to communicate, there is no semantic problem. However when two enterprises want to integrate their systems and business processes, a whole range of agreements need to be made on what information will be exchanged at which time and mostly what the meaning of every data element is, so it can be integrated properly by both companies.

We are now seeing the first signs of a new hype that is emerging, by the marketing rhetoric of large IT companies that try to make their potential customers believe that business problems can be solved by using their technology. These IT giants negate the problems of doing business electronically, which companies have struggled with for decades and which has lead to EDI as the best solution so far. Many EDI experts have worked hard for the last three years to come up with a better understanding of EDI and have succeeded in creating ebXML. This new global standard will solve not just the communication between systems in different companies, but also the semantic problem. Much work is still to be done here, but it is clear that ebXML will replace EDI in 5-10 years.

The confusion the IT vendors are creating, by ignoring the semantic problems that inherently exist, when companies start to do business together, will lead to new disappointments with customers. These will find out, when it is too late, that they have invested in systems that promised too much. Customers should build on the know-how and experience of (former) EDI vendors such as TIE. This will help them to plan their Business-to-Business Integration in such a way that their internal systems can be integrated using the Application Integration Platforms that are now available and the links that they have with their trading partners in the supply chain are preserved and extended combining old as well as new technology.

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.

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.

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 over 16 years of experience in building links between applications and processes in many different companies. TIE believes that Digital Business Communities — platforms for vertical markets that facilitate trade — 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).

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.

TIE consulting becomes important, as users need more guidance on where the world is going especially in relation to ebXML. As 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. 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.

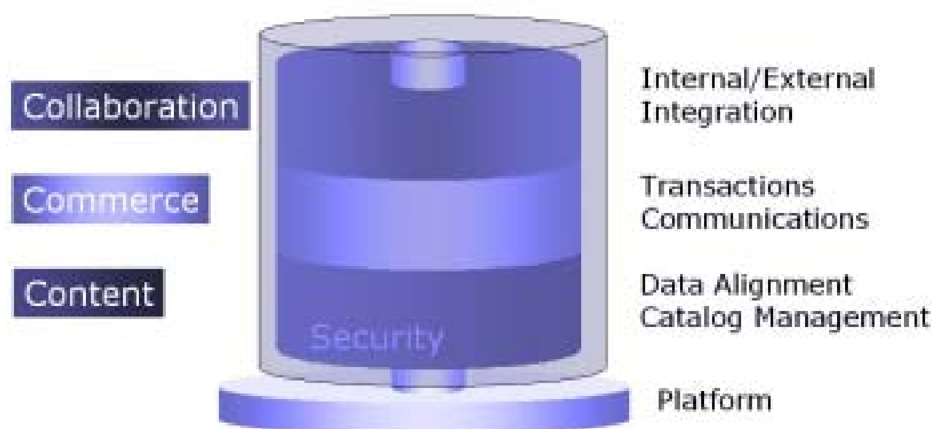
Products and Services

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 entry-level 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 eVision is our high-end trading partner management and transformation product for UNIX and Linux.

TIE Messaging Portal is the platform of choice for any-to-any messaging, supporting all communication protocols and format conversions. This product is aimed at larger organizations. 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 Integrator is our J2EE compliant global transformation engine.

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

TIE Edge is a mature, desktop product. It 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.

TIE Catalog Manager provides all the functionality required for Data Alignment and Catalog management.

TIE Digital Business Community Framework

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. **RetailConnect** is an example of a DBC in the non-food sector, where trading partners can exchange product information and do business electronically. **TIE Messaging Center** is the platform of choice for a DBC, supporting any-to-any messaging, and all communication protocols and format conversions.

Strategy

In the last Annual Report TIE formulated a number of financial and strategic objectives. In the past financial year we were unable to take significant steps towards these goals. In fact it will be difficult to achieve this in 2004 also. We realize that we can only reach these objectives when the market has stabilized and customers can put emphasis on improving their links with their partners in the supply chain.

Therefore the objectives themselves have not changed, merely the timeframe in which they are attainable. TIE feels it is on the right track, certainly after the reorganization and the way it has dealt with the burdens of the past.

There are many opportunities in the integration space in the market. When the predictions become reality and that 20% of IT spending will be on Integration, TIE should be able to win a substantial portion of that market.

In its current form TIE does not have the resources to cover many activities. Given the situation that market circumstances have not improved yet, which would allow TIE to grow again; it is imperative that TIE focuses on those activities where it can add the most value. Rather than involving itself in Enterprise Application Integration (EAI) directly, TIE will seek partnerships with companies that are specialized in that area. TIE will remain focused on B2B Integration. For TIE there are more opportunities to remain neutral and work closely with all Application integration Platform vendors, than to engage itself in offering EAI.

With a sophisticated range of products TIE will use its experience in B2Bi, to add value for its customers to the Integration efforts. TIE's focus on B2Bi is unique; there are not many companies in the world with this focus.

There are certainly opportunities in the market to consolidate the B2B Integration space, and TIE is set to play a leading role in that space. For all B2Bi companies there is the challenge to provide tools and expertise for customers to make the transition from traditional EDI to ebXML. TIE believes it makes sense for B2Bi companies to join forces to provide these tools, rather than each of us building these individually and ending up with the same tools at a high cost. Since EDI and B2Bi are deeply entrenched into the business practices, culture and language of different countries around the world, the opportunity is there to develop the tools together, whilst each of the B2Bi companies can continue to sell them in their own space.

As the only public company of its kind, there is an opportunity for TIE to be the vehicle to consolidate a number of European B2Bi companies, utilizing the access to the capital markets to fund the investments.

Today's unstable geo-political environment is a key risk that is beyond TIE's control. Further risks of this type include the entry of more big players on the B2Bi market, creating more confusion amongst users leading to a further inertia in the market place. Other risks can be influenced by TIE. These include the unwillingness of existing B2Bi players to cooperate rather than compete on a new generation of products, the possible inability to retain key employees and qualified management and the possibility that investors lose interest in the TIE stock, leading to inability to raise funds to reduce TIE's debt.

The strategy for TIE's business units is a direct result of the overall corporate strategy. The subsidiaries play a crucial role in achieving TIE's goals. In the different markets TIE operates in, there are certainly differences, but it is clear that the same approach can be taken to accomplish the goals.

TIE faces a number of important challenges. With a reduced workforce it will be hard to sustain the revenue and the customer satisfaction. The introduction of the new products that have been released last year in the US market is a huge task, but has priority since the reward will be high when we succeed. The employees are motivated and able to put TIE back on the map, but it is a challenge to keep them focused when there is a delay in the improvement of market circumstances.

Financial and Strategic Objectives

- To grow TIE's revenue significantly. The concept is to become a "$100 million Company" in five years, which cannot only be achieved via organic growth.
    - Organic growth for all entities is targeted at 25% per annum once the economic circumstances improve.
    - 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
- To reach bottom-line profitability (net profit) in 2004;
- Further and substantial improvement of net profit in subsequent years;
- Maximization of cash flow from operational, investing and financing activities. Positive cash-flow in 2004 and further;
- Substantially reduce short and medium term debt
- To increase the market share of long-term revenue streams, which will be generated through up-front software license fees and maintenance revenues over time;
- To allow organic expenses to grow at a 10% lower rate than the revenue growth;

Actions for the coming year

- Investing significantly 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;
- TIE will build interoperable components pieces in the form of webServices, which may be packaged as products for international sales or repackaged by regional solution providers;
- TIE will continue to produce technical road maps to illustrate the future development of the B2Bi market and TIE's place in that;
- Pursuing technical partnerships with companies that can provide additional technology components;

- Pursuing commercial partnerships with Application Integration Platform vendors, where TIE can provide additional expertise and products;
- Achieving synergies between the US and Europe in cross-selling products, avoiding duplication of efforts, streamlining product management;
- Contacting our existing customer base to increase the awareness of developments in B2Bi and our new products in order to upgrade them to more sophisticated solutions;

The Dutch corporate governance code

On 9 December 2003, the Corporate Governance Committee, presided by Mr. Morris Tabaksblat has issued a new corporate governance code that applies to all listed companies incorporated in the Netherlands. The code is based on the principle accepted in the Netherlands that a company is a long-term form of collaboration between the various stakeholders, such as shareholders, employees, finance providers and other groups and individuals who directly or indirectly influence (or are influenced by) the achievement of the aims of the company. In this respect, the Management Board and the Supervisory Board have overall responsibility for taking account of the interests of the different stakeholders, generally with a view to ensuring the continuity of the enterprise. In doing so, the company endeavors to create long-term shareholder value. Good entrepreneurship, including integrity and transparency of decision-making by the management board, and proper supervision thereof, including accountability for such supervision, are essential.

The corporate governance code contains (a) principles, which are general concepts of proper corporate governance, to be applied by all listed companies, and (b) best practice provisions, which are detailed regulations resulting from, and giving a further specification of the principles of the code.

Every year, each listed company will need to include a description of its compliance with the principles in its annual accounts. A listed company may deviate from the best practice provisions, provided that it shall give a proper explanation as to why such deviation has been made and the annual general meeting of shareholders will have approved thereof ("apply or explain"). This will be reflected in the annual accounts as well.

The corporate governance code will come into force with effect from the financial year starting on or after 1 January 2004, with the understanding that, according to the code, the full presentation of and the discussion about the corporate governance structure, possible deviations there from and explanation thereto, should be scheduled for the annual general meeting regarding the book year 2004 which shall take place in 2005. The new code provides that the annual accounts for 2003 only need to contain a special section on how the Company plans to implement the principles and best practices of the new code in 2004 and what challenges it may face in connection therewith.

However, the Company has decided to include already in this annual report for 2003 and, more in specific, in this chapter, a description of the current corporate governance structure of the Company, implemented in the course of 2003 and in earlier years, which, to a large extent, is already in line with a substantial number of principles and many best practice provisions of good corporate governance under the new corporate governance code. The Company will highlight those amendments to be made to the current structure and possible measures to be taken to timely ensure a full compliance with the new code, or as the case may be, shall include a proper explanation for certain deviations from the provisions of the new code. In this respect, this chapter and the other chapters of this annual report should be read in conjunction to gain a full understanding of the corporate governance approach of the Company.

Principles and best practice provisions

Management board

The role of the Management Board is to manage the company and is responsible for achieving the company's aims, strategy and policy and results. The Management Board is accountable for this to the Supervisory Board and to the general meeting of shareholders. The Management Board has provided the Supervisory Board in a timely fashion with all information necessary for the exercise of the duties of the Supervisory Board.

During the financial year 2003 the Management Board consisted of two members: Dick Raman (CEO & President) and Wouter Bos (CFO). In October 2003, Wouter Bos has left the Company, so that the Management Board now consists of only one member. Dick Raman is the founder of the Company, which was established in 1987. As such he was not appointed for a limited period of four years. When other board members are appointed in the future, their contract will be for a maximum period of four years.

The Management Board confirms that it has no indications to believe that the internal risk management and control systems would not be adequate or not effective. For a company the size of TIE, the risks are relatively easy to determine and have been contained as much as possible and have been discussed with the Supervisory Board. The Company will contemplate adopting a formal risk management methodology, in order to increase visibility and control of risk factors.

The Works Council held quarterly meetings with the Chairman of the Supervisory Board and as such has had the possibility to discuss any relevant topic.

No Management Board member is a member of the Supervisory Board of another listed company.

The remuneration of the board members consists of a fixed and a variable part. The variable part was linked to the operational result, which was not achieved. Therefore, no bonuses were paid. As an incentive to commitment to the company and its objectives, a special share option plan for the top executives was introduced at the beginning of this financial year. Wouter Bos received 240.000 options, which were cancelled on his departure. Dick Raman was allotted 350.000 options, but declined, and distributed these options amongst the other personnel.

Options to acquire shares are a conditional remuneration component, but for fiscal reasons the company grants unconditional options to Management Board members and other personnel. If these options are exercised within one year after issue, a penalty of 50% of the gain is paid to the company. Options exercised within three years are taxed as normal income in The Netherlands. After three years, they can be exercised free of income tax at the beginning of each calendar quarter for a period of six months. If a board member or an employee leaves the company, the options are cancelled and are available for distribution amongst the remaining or new personnel. In general, options are granted on the last working day of the financial year. The option exercise price is set at the closing price of the publicly traded shares of the company on the day of issue, plus fourteen percent.

Board Members receive severance pay of three months salary for every year of service, with a maximum of four years salary. The compensation Wouter Bos received on his departure after two and a half years of service was set at EUR 93k. New board members will be proposed a severance package based on a total

compensation equal to three months salary per year served on the board, with a maximum of one year salary, unless such would be unreasonable in light of their performance.

The remuneration of the Management Board and the Supervisory Board is determined by the general meeting of shareholders. The remuneration includes all costs to the company such as salary, pension, car and fixed expenses. At the last meeting the remuneration of Dick Raman was raised for the first time in three years from EUR 190K to EUR 214K, the remuneration of Wouter Bos was raised from EUR 132K to EUR 150K. The remuneration of the Supervisory Board remained at EUR 10K per member per year. The proposal to the general shareholders meeting for the remuneration of Dick Raman will be that his fixed remuneration will be unchanged. His remuneration consists of a salary of EUR 150K and EUR 64K in pension, car and other costs. The proposal will be that he be granted a bonus of 25% of his remuneration, which will be paid when the company reaches its target of a positive net result for the financial year 2004 after the bonus payment. In light of the recent developments in TIE, the Supervisory Board has decided to re-allocate 350.000 options to the CEO at an exercise price of EUR 0.32.

Supervisory Board

The role of the Supervisory Board is to supervise the policies of the Management Board and the general affairs of the company and its affiliated enterprise, as well as to assist the Management Board by providing advice. The Supervisory Board has been guided by the interests of the company and its affiliated enterprise, and has taken into account the relevant interests of the company's stakeholders.

The composition of the Supervisory Board is such that the members are able to act critically and independently of one another and of the Management Board and any particular interests. The board consists of three members, each with experience in a different field, thus covering the financial, legal and eBusiness areas. Further details are included in the Report of the Supervisory Board of this annual report.

Since the Supervisory Board consists of only three members, no separate committees have been formed and the Supervisory Board in its entirety acts as audit committee, remuneration committee and selection and appointment committee. No separate regulations for each committee have been drawn up. The Supervisory Board has had several discussions with the external auditor.

Until 2002 it was customary that supervisory members received 20.000 options yearly. Starting the financial year 2003 this policy was changed and Supervisory Board members shall not be granted any shares and/or rights to shares by way of remuneration. Options already granted in the past will remain outstanding.

The shareholders and general meeting of shareholders

Good corporate governance requires the fully-fledged participation of shareholders in the decision-making in the general meeting of shareholders. It is in the interest of the company that as many shareholders as possible take part in the decision-making in the general meeting of shareholders.

The company has an anti take-over provision in a foundation established at the time of the initial public offering called 'Stichting Preferente Aandelen TIE'.

The objective of the Stichting Preferente Aandelen TIE is to assure the continuity and the identity of TIE Holding NV, its subsidiaries and related companies.

The management of Stichting Preferente Aandelen TIE is composed of three directors. Two of these directors are independent, as defined in Annex X to the Listing and Issuing Rules of Amsterdam Exchanges NV and one director is related to the Company. The independent directors are Mr. E.B.J. Meulenbroek and Mrs. R. de Wever. The third director is Drs Th.H. Raman, in his capacity as member of the Management Board. His current term of appointment will be continued.

The purpose of the Preference Shares is to protect TIE from a hostile takeover. Stichting Preferente Aandelen TIE has concluded an option agreement with TIE in 2000. According to this agreement Stichting Preferente Aandelen TIE has the right to require TIE to issue Preference Shares to a maximum of 50% of the nominal value of the outstanding Ordinary Shares at that time. Issue of the Preference Shares under the option agreement may only take place to serve the aforementioned objective of Stichting Preferente Aandelen TIE. In the course of 2004, this protection mechanism will be the subject of further evaluation by the Management Board and the Supervisory Board.

General

Any publications or announcement to be made on the website in connection with the corporate governance structure of the Company, which would be in addition to or in replacement of the currently available information, will be reviewed or prepared in the course of 2004 and shall be presented, to the extent possible, in the annual general meeting of shareholders in 2005 with a proper explanation in case of a deviation.

In addition, all required working regulations ("reglementen") from and for the Supervisory Board will be subject to further review and adaptations may be made, or to the extent that these are not yet in use in the Company, these will be drafted to ensure compliance with the provisions of the new code, and in case of deviations, proper explanatory notes will be provided to the annual general meeting of shareholders in 2005.

Investor Relations

It is TIE's policy to actively 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. Several presentations have been made to (groups of) investors, highlighting TIE's business model and financial position.

Report from the Management Board

Throughout the financial year 2002, TIE has focused on integration and consolidation in order to bring costs in line with market opportunities. TIE managed to achieve this goal. For 2003 the business plan concentrated on utilizing existing and new opportunities in the international eCommerce markets, mainly in North-American and Europe, where significant market potential exists at the low- and medium end of the markets. These segments are traditionally characterized by a lower than average sensitivity on economic conditions. TIE is well positioned in this segment, with relatively new and high margin products. TIE provides a high degree of customer support, which creates loyalty that leads to a high degree of recurring business.

As the year 2003 progressed it became clear that the possibilities for growth were limited. In fact the optimism at the start of the financial year quickly faded when the geo-political situation worsened following the attack on Iraq whereby the economic recovery was delayed.

Global Reseller Agreement

At the beginning of the financial year, TIE Holding N.V. announced that it had entered a non-binding letter of intent outlining the terms by which TIE would enter a contract to appoint a major eCommerce provider as a Global Reseller. Upon execution of this contract Global eXchange Services Inc. (GXS), the eCommerce company of the General Electric Company, became a non-exclusive Sales Agent for TIE Holding utilizing the TIE Edge (Desktop Enabler) product. The scope of the agreement is Global. GXS has a large B2B e-commerce network with significant trading partners deployed. They provide eCommerce solutions that help businesses improve the quality, velocity and efficiency of their supply chains. Their extensive global customer base includes many of the Fortune 500 and their respective supplier communities.

GXS operates one of the largest B2B eCommerce networks in the world, with more than 100,000 trading partners. The network's 1 billion annual transactions account for $1 trillion in goods and services. With more than 35 years experience, GXS provides supply chain services and software to 60 percent of Fortune 500 companies.

GXS was then acquired by Francisco Partners of Menlo Park, California USA. This transaction slowed down negotiations with TIE. The contract was finally signed on 20 January, 2003. It took until April 2, 2003 for the due diligence and the training to be completed, after which GXS was ready to sell Edge.

Unfortunately the transaction has not yet generated a material revenue stream for TIE. This is mostly due to the changes in management and positioning of GXS as well as economic circumstances. The Edge product has nevertheless proven itself in a number of customer installations. TIE is ready for a major roll-out with GXS, but anticipates this may be further delayed.

Equity Placements

In October 2002 TIE announced that Orange Fund N.V. had taken a 5% stake in the Company. Orange Fund was leading in the Netherlands for investments in small and medium sized companies, the so-called small caps. Orange Fund is one of the almost 10 officially listed investment funds of Kempen Capital Management. In November 2002 an additional placement of 350.000 shares was made, bringing the total number of shares held by Orange Fund at that time to 1.2 million.

TIE was very pleased that a renowned investor like Orange Fund believed in its growth potential in spite of the current economic sentiments. According to Willem Burgers, fund manager of Orange Fund, the valuation for specialized companies with good opportunities has never been more attractive for investors. Burgers said: "We regard high quality companies like TIE Holding, a welcome addition to our mid-term investment portfolio."

Following the investment by Orange Fund, another long term investor Delta Lloyd NV not only retained their 5% stake in TIE, but expanded it with this issue of 250.000 ordinary shares. Alex Otto, Director Investments of Delta Lloyd NV, recognized that the negative sentiments in the last two years have had their effect on TIE. Otto said: "We saw TIE dealing with this difficult period and preparing for the future. The current share price creates the opportunity for a good return in the future."

In November 2002 TIE also reached agreement with Navigator Investments Holding III ltd, for a private placement of 250.000 shares and TIE managed to successfully extend the Equity Line Agreement with Navigator for a further 18 months under the same conditions as the original Equity Line, which was initiated in May 2001. Under the agreement TIE can -entirely at its own discretion, with a relatively low discount- decide to use the instrument and oblige Navigator to buy newly issued shares in return for funds. Under the agreement over 11 million in Equity remains accessible in the future, within the criteria of the arrangement. TIE controls the timing and amount of any draw down of new shares. TIE has done no draw downs since 2001, but TIE regards the Equity Line as an efficient fall-back instrument for raising capital.

Product Introductions

During the year a number of successful implementations with customers were announced. Printronix implemented a RosettaNet solution from TIE. AKZO-Nobel company Nederlandse Verfhandel (NeVeHa) selected TIE Message Center-software, Technical wholesaler Hoens signed for Catalog Manager, the data-alignment product from TIE and EAN DAS, the Data Alignment Service of EAN Nederland, also selected TIE Messaging Center-software to receive catalogs from the manufacturers and suppliers, convert them to the internal format.

In March 2003 TIE Belgium reinforced its position on the Belgian Market by collaborating strategically with ICT-architecture company Porthus. Jointly, both companies can provide B2B–solutions to Belgian companies instead of only offering technology.

TIE also released a number of products during the year. In May 2003 TIE launched an ebXML Messaging product as the first Dutch company to do so. The product was successfully demonstrated at XML Europe 2003 in London in a European ebXML interoperability pilot, demonstrating various international vendor implementations of the ebXML Messaging Services exchanging information in real time. A special version of TIE Catalog Manager for EAN DAS was announced, which creates an entry-level product for data-alignment. In October 2003 TIE released TIE Messaging Portal as its latest member of the Enterprise Portal suite of products. TIE also introduced InfoNet's IPmail eXchange Service (IPM-XS). This service features reliable, secure messaging over a regular Internet link and is interconnected to the traditional X.400 community.

Financing

In January 2003 TIE announced that it has successfully renegotiated its existing financing facilities with Delta Lloyd Bank as well as with Berkshire Investments (Netherlands).

These facilities were due to be repaid during financial year 2003. The Company entered into negotiations to postpone the redemption on these loans whereby both parties have now agreed on postponement of repayment until later. In addition, the financing facility arranged last year by Pall Mall Capital for Berkshire Investments was increased by a further EUR 0.5 million.

The Management Board notes that TIE conducts its business mainly outside 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. However there was still a good possibility that more cash flow could be generated through the GXS deal. It soon became clear however that although the first quarter results were still EBITDA positive, the second quarter results were heavily impacted by the fall back of the general economic climate and the war in Iraq. Since Management did not anticipate improvements in current market sentiment, the Company took measures to reduce its cost base by a further 10 %.

Board changes

The annual general meeting of shareholders took place on Tuesday February 25, 2003 at 15:00h at the Company offices in Amsterdam (Schiphol-Rijk). The Annual Report was adopted and the Management Board as well as the Supervisory Board was discharged by unanimous vote.

On April 7, 2003 TIE announced that the Chairman of the Supervisory Board, Dave Hobart had decided to retire. He has been succeeded on the Board by Prof. Dr. Ir. Ton Veth. The chair was taken up by John Cutts who is currently a member of the Supervisory Board together with Mr. Bauke Geersing.

Dave Hobart had reluctantly decided to retire after serving on the Supervisory Board as Chairman for over three years. Dave had been on the Supervisory Board of TIE since 2000 and before the IPO. Dave guided TIE through a most turbulent period. The IPO itself, followed by the downturn in tech stocks and ultimately the market as a whole, were all ingredients for a very hectic period. Dave used his knowledge of the B2Bi market combined with his calm, collected and firm personality to provide a stable factor on the Supervisory Board and in TIE as a whole. TIE owes Dave a great debt of gratitude and we are sorry to see him go. He richly deserves to start this new period in his life and enjoy his retirement. We wish him all the very best for the future.

In order to formalize the nomination of Prof. Ton Veth, TIE held an Extraordinary Shareholders Meeting on May 14, 2003. Ton will bring to TIE his great knowledge of the B2Bi market and is a worthy successor to Dave Hobart.

Operations

That same day TIE published its second quarter results. For the first time in two years TIE had to report a negative EBITDA. Revenue was falling and as a result the cash situation became strained. Shortly before this, TIE announced it was negotiating a share placement but due to the bad half-year results TIE was only partially able to complete this transaction. During the summer TIE entered into several negotiations in order to raise funds, but was unsuccessful. It became clear that the Global Reseller deal was not providing material revenue, so TIE decided to sell the activities of TIE Commerce, its subsidiary in the United States. TIE

engaged in discussions with a number of parties interested in acquiring the activities of TIE Commerce, but this has not lead to the sale of TIE Commerce. With respect to TIE Commerce in the United States, it was noted that TIE Commerce is a profitable organization and has always contributed substantially towards the revenue of TIE. The economic downturn in the United States caused us to consider the sale of TIE Commerce. However, since the market in the United States appears to be recovering, we have decided not to accelerate such a sale.

This announcement on August 1, 2003 caused a heavy reaction in the stock market and the TIE share price fell to an all-time low. A few days later it also became clear that Orange Fund has sold all of its 1.2 million shares in TIE through the stock market. The decision to sell was instigated by a change of direction by Orange Fund.

It was remarkable to see that it was possible to sell 1.2 million shares in such a short time. Apparently, there were enough investors that have confidence in TIE. In the months following it became clear that this was the case, since TIE was able to place a large number of shares with professional investors and issue a number of convertible bonds as well. This eased the cash situation and TIE was able to raise enough funds to make up for the losses in the second and third quarter.

Reorganization

Cost cutting measures announced at the end of the second quarter and implemented in March and April 2003, were also showing results. The Company decided to take further measures to reduce its overhead and on September 10, 2003 announced that it has signed a Letter of Intent with the Belgian ICT-architecture company Porthus for the sale of TIE Belgium, which will generate proceeds of approximately EUR 1 million. The revenue of TIE Belgium in 2002 was EUR 1.25 million and resulted in net profitability. The customer base of TIE Belgium consists for over 40% of long-term recurring contracts. TIE Belgium will continue to operate under its current name and will continue to sell TIE software. Porthus and TIE Holding have agreed that TIE will receive 50% of the license revenue. This will keep TIE's strong position in the BeNeLux market intact. The transaction was completed in November 2003.

The equity transactions and the sale of TIE Belgium enabled TIE at the end of the financial year, to initiate the biggest reorganization in its history. This reorganization was completed in November 2003.

Following the reorganization, TIE has become more transparent and smaller in size, so the management team in TIE Holding became excessive. Given that the financial management of TIE has been reduced in scope following the reorganization, TIE also parted with its Chief Financial Officer, Wouter Bos after more than two years of service. The tasks of CFO and CEO have been merged and all related day-to-day financial administration will continue to be carried out by the financial staff of TIE Netherlands. As such, TIE in the Netherlands needed to make certain employees redundant. They were all offered satisfactory compensation. In spite of the heavy cut, the core of the Company, the people and their know-how has been preserved.

The measures that were taken in line with TIE's new policy, are an extra amortization on goodwill (EUR 1.7 million) and extra depreciation on capitalized software (EUR 1.1 million) and fixtures and fittings (EUR 0.5 million). Reorganization costs were EUR 0.6 million plus provisions for rent on unused parts of the offices, until the end of the lease (EUR 3.2 million). These measures amount to a total charge of EUR – 7.1 million, which in combination with currency translation losses (EUR 0.5 million) and one-time provisions for past investments (EUR 0.9 million) has lead to a negative equity.

Outlook

During the year 2003, the management of TIE concluded that given the prolonged recession and the unstable geo-political climate, it was prudent to aim at a net positive result. The Company has since then taken measures to achieve that goal. It has sold assets and raised new equity in order to reduce its debts and will continue to do so. With a conservative approach and relieved of the burdens of the past, the Company is better equipped to benefit from market circumstances, as they steadily improve, and thus reach sustainable net profitability.

The fact that TIE now has a negative equity relates to TIE's past, rather than to its future. TIE dealt with its past through the reorganization which it completed at the end of the financial year.

TIE's goal is to generate net profits in the current as well as future years. This will result in the strengthening of TIE's equity. Management is convinced that TIE is capable of generating substantial net profits, once market circumstances improve. TIE is well-positioned in the market, delivers excellent products and customers are very satisfied with the service that is rendered. In spite of the substantial reduction in the number of personnel during the last few years, the core of the company and its know-how has been maintained.

Overall, Management views TIE's negative equity as the inevitable result of past trading, properly expressed on the balance sheet. After successfully negotiating the debt position, in which a substantial portion was converted into equity at market price, TIE can now start with a clean slate. TIE will improve the company's capital base and thus strengthen its equity, initially by maximizing net profits, but also by utilizing TIE's access to the capital market and by placing additional stock.

The business plan for the next year is conservative. The Company does not anticipate a growth in revenue, although we see the first signs of an improving environment, and recently announced products are well received in the market. Over 40% of projected revenue for 2004 is recurring revenue, which provides a strong basis. The Company still sees many opportunities in the European market, and believes TIE is well positioned to take advantage of those. We have some marvelous products on the shelf, on which sales already picked up and that look promising given the reactions from the market. All in all, it looks like TIE is ready for the opportunities ahead and has ample possibilities to be successful.

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 2002 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. Disappointing sales revenues during 2003 forced the company to continue this strategy followed through a drastic reorganization at year end 2003. As a consequence operating expenses including depreciation increased compared to 2002, excluding the reorganization costs the standard operating expenses showed a decrease.

All amounts are in EUR x1,000 unless stated otherwise.

Annual result of operations

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

	2003	2002
Net revenue	10,792	14,141
Operating expenses, including depreciation	19,059	14,895
Amortization of goodwill	4,359	2,944
Net result	(13,717)	(4,902)

Like in the preceding years the Company has incurred net losses. The Company experienced a negative cash flow from operations in 2003. During 2003, the equity turned negative from last year's positive number. The cash flow from operational activities was negative mainly as a result of lower than expected sales revenues, the research and development efforts and the level of operating expenses which could not be reduced in the same ratio as the lower sales revenues. Thanks to cash flow provided by financing activities the total cash flow was positive and the liquid funds increased at year-end compared to the previous year. During the financial year which ended on September 30, 2003, the Company financed its operations through the use of existing credit facilities, the issuance of new shares and convertible bonds. Based upon its current year operating plan, the planned equity placements and issuance of new convertible bonds the Company believes that it is possible to improve the financial situation and turn back to positive net results in 2004 and positive equity in the future. Thanks to the measures described above the Company also believes it has adequate cash and investment balances to fund its operations in the next financial year, however reference is made to the notes of the Consolidated Financial Statements.

Net revenues decreased during the year by 24% to an amount of EUR 10.8 million. The slowdown in economic activities, especially in the USA noticeable the end of 2001 and throughout 2002 and 2003, has not shown a clear recovery yet. Because of the economic circumstances expense levels were brought down in March 2003 in the USA and in September 2003 in the Netherlands to bring the expense levels in line with the lower revenues. The downsizing had a negative effect on overall revenues levels of the US operations, but lower cost base will have a positive impact on the net results for next year.

Compared to the previous year normal operating expenses reduced again with approx 11%, following the organizational changes executed last year, the most recent reorganization will result into a further reduction of operating expenses of approximately 25%. 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

	2003		2002	
License Revenue	2,890	27%	4,544	32%
Consultancy Revenue	2,991	28%	3,465	25%
Maintenance and Services Revenue	4,911	45%	6,132	43%
Total Net Revenue	10,792	100%	14,141	100%

The distribution of net revenue shows a clear downtrend in licensee and maintenance and service revenues. The weaker dollar exchange rate had a negative impact of EUR 1.1 million or 8% of last years total revenue level. The weak economic circumstances that resulted into postponements at many companies to invest in IT structures, especially in the USA, is another reason.

Net Revenue by region

	2003		2002	
The Netherlands	2,610	24%	2,797	20%
Rest of Europe	1,774	16%	1,761	12%
United States of America	6,026	56%	8,852	63%
Rest of the World	382	4%	731	5%
Total Net Revenue	10,792	100%	14,141	100%

Total net revenues decreased year-on-year by 24%, mainly driven in the U.S. with 32%, including an exchange rate impact of EUR 1.1 million or 12%. The closure of the Asia Pacific office in late 2001 (book year 2002), 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

	2003		2002	
Personnel Expenses	7,867	50%	9,186	69%
All Other Operating Expenses	7,730	50%	4,130	31%
Total Operating Expenses	15,597	100%	13,316	100%

Operating expenses increased by EUR 2.3 million (17%), mainly because of reorganization costs amounting to EUR 3.8 million taken at year end 2003 for the major part in the Netherlands. The normal operating costs decreased with EUR 1.5 million or 11% as a result of reduced headcount forced by market circumstances. 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 May 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 and 2003 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 2003 an amount of EUR 0.6 million was capitalized (previous year EUR 1.2 million), at the same time EUR 1.7 million was amortized during the year, including an impairment of EUR 1.1 million.

Depreciation and Amortization

Based on this year's impairment testing additional charges were deemed necessary on all tangible and intangible fixed assets. The amounts included in the below stated table are: impairment on tangible fixed assets EUR 0.7 million, extra depreciation costs as a result of a change in estimation EUR 0.2 million, impairment on intangible fixed assets EUR 1.1 million and impairment charges on goodwill EUR 1.7 million. In total EUR 3.7 million.

	2003	**2002**
Depreciation and amortization Fixed Assets	3,463	1,579
Amortization Goodwill	4,359	2,944
Total Depreciation & Amortization	7,822	4,523

The depreciation charges relate mainly to the furniture and fittings of the Company offices and the amortization on capitalized R&D costs (Intangible fixed assets). The amortization on intangible fixed assets amounted to EUR 1.7 million in total, including impairments of EUR 1.1 million

Financial Results

	2003	**2002**
Total interest expense	376	388

Interest expense this year is close to last year's interest expense thanks to somewhat lower interest rate levels compensating the slightly higher average outstanding amounts.

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, 2003 and 2002.The tax charge reported relates to foreign source taxes that are unlikely to be compensated against Dutch income tax payments in the near future.

Cash Position

As of September 30, 2003 the Company had cash and cash equivalents of EUR 1.0 million. In 2003, the cash flow used in the Company's operating activities was EUR 1.0 million. Investments, mainly in Intangible fixed assets (Development costs) used EUR 0.7 million, financing activities generated EUR 2.0 million plus EUR 0.3 in transit per 30 September 2003 so that the available cash funds of the Company increased by EUR 0.5 million.

Development costs

The Company has the accounting principle to capitalize certain software development costs, 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 financial year 2003, the Company capitalized EUR 0.6 million for the development of its products. The current book value of total capitalized products amounted to EUR 0.4 million at year end. The capitalization relates to TIE's main new products such as TIE Messaging Center and Messaging Portal.

For these products, the technological feasibility was established.

Personnel

Staffing levels decreased from an average number of FTE's in 2002 of 154 staff to an average of 128 in 2003. This decrease is the result of the continued focus on efficiency and operating cost levels, and 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			9	9	8%
Facility and catering			10	10	8%
TIE Nederland		11	15	26	20%
TIE International		1	2	3	2%
TIE Product Development	14			14	11%
Total Netherlands	**14**	**12**	**36**	**62**	**49%**
TIE Belgium		2	11	13	10%
Total Europe	**14**	**14**	**47**	**75**	**59%**
TIE Commerce (USA)	7	12	34	53	41%
TIE Asia Pacific					0%
Grand Total	**21**	**26**	**81**	**128**	**100%**
%	**%**	**%**	**%**	**%**	

At year-end, the Company employed 108 FTE's, compared to 149 FTE's in the previous year, in the months just after year-end another 14 FTE's has left the company.

Ondernemingsraad (Works Council)

In October 1999 the Company instituted a Works 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 Management Board 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 at least twice a year.

Elections for the Works 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.

In October 2003 two Works Council members left the company. The Works Council has decided not to replace them, in view of the limited size of TIE in The Netherlands (less than 50 FTE). The personnel and the Management Board support this decision.

Amsterdam (Schiphol-Rijk), February 27, 2004

The Management Board,

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

TIE Holding NV

FINANCIAL

STATEMENTS

for

the financial year 2003

October 1, 2002 - September 30, 2003

Financial statements

Consolidated balance sheet at September 30, 2003

(Before proposed appropriation of results)

Assets

(EUR x 1,000)	September 30, 2003		September 30, 2002	
Fixed assets				
Intangible fixed assets				
Goodwill	2,104		7,024	
Other intangible fixed assets	424		1,564	
		2,528		8,588
Tangible fixed assets				
Fixtures and fittings	448		1,741	
Hardware and software	93		633	
Vehicles	30		25	
		571		2,399
Financial fixed assets				
Participating interests	2		22	
		2		22
Total fixed assets		3,101		11,009
Current assets				
Debtors				
Trade debtors	1,248		2,022	
Taxation	-		15	
Other receivables and prepayments	296		382	
		1,544		2,419
Cash and cash equivalents		982		441
Total current assets		2,526		2,860
Total assets		**5,627**		**13,869**

Liabilities and stockholder's equity

(EUR x 1,000)	September 30, 2003		September 30, 2002	
Stockholders' equity		(8,476)		3,809
Long-term liabilities				
Credit institutions		3,465		4,525
Provisions		3,165		-
Current liabilities				
Credit institutions and banks	139		79	
Trade creditors	912		1,159	
Deferred revenue	1,789		1,912	
Affiliated companies	4			
Taxation and social security Contributions	1,445		905	
Current installments of loans	1.350		16	
Other payables and accruals	1,834		1,464	
Total Current Liabilities		7,473		5,535
Total Liabilities		**5,627**		**13,869**

Consolidated Profit and Loss Account

(EUR x 1,000)	October 1, 2002 to September 30, 2003		October 1, 2001 to September 30,2002	
Net turnover	10,792		14,141	
Cost of sales	691		816	
Gross result		10,101		13,325
Selling & marketing expenses	2,542		3,200	
General, development and administrative expenses	16,517		11,695	
Amortization and impairment goodwill	4,359		2,944	
Total expenses		23,418		17,839
Operating Result		(13,317)		(4,514)
Financial expense		(376)		(388)
Result on ordinary activities (before taxation)		(13,693)		(4,902)
Corporate income tax		(24)		0
Net Result		**(13,717)**		**(4,902)**

Net result per share – basic	EUR (0,78)	EUR (0.31)
Weighted average shares outstanding - basic	17,501	15,700
Net result per share – diluted	EUR (0.62)	EUR (0.25)
Weighted average share - diluted	22,231	19,256

Note: With reference to art 362.4 of the Dutch Civil Code (derogatiebepaling) the amortization on goodwill is shown separately in the above stated Profit and Loss account and not included under selling and marketing expenses to provide a better insight.

Cash Flow Statement

(EUR x 1,000)	October 1, 2002 to September 30, 2003		October 1, 2001 to September 30,2002	
Operating Result		(13,317)		(4,514)
Depreciation and amortization		7,822		4,523
Devaluation financial fixed assets		20		-
Decrease in stocks	-		1	
(Increase) decrease in debtors	700		2,414	
(Decrease) increase in current liabilities	968		(1,387)	
		1,668		1,028
		(3,807)		1,037
Increase provision	3,165		-	
Interest paid	(376)		(388)	
Taxes	(24)		-	
		2,765		(388)
Cash flow provided / (used) in operating activities		(1,042)		649
Investments in subsidiaries	-		(20)	
Additions to intangible fixed assets	(583)		(1,172)	
Additions to tangible fixed assets	(71)		(219)	
Disposals of fixed assets	-		39	
Cash flow used in investing activities		(654)		(1,372)
Increase (decrease) in long-term liabilities	(1,058)		467	
Increase (decrease) bank overdrafts/loans short term	1,394		(208)	
Convertible Bonds	456		-	
Costs of shares and Bonds issued	(137)		(8)	
Shares issued and share premium	1,374		-	
Cash flow provided by financing activities		2,029		251
Total Cash Flow		333		(472)
Cash in transit per Sept 30 in relation to Conv. Bonds	266		-	
Exchange fluctuations in cash and bank balances	(58)		29	
		208		29
Change in cash and cash equivalents		541		(443)

Cash flow used in operating activities went down by EUR 1.7 million to EUR -1.0 million mainly as a result of a decrease of the net operating result of the Company. The company capitalized EUR 0.6 million for new developed products compared to EUR 1.2 million last year, which explains the decrease in cash flow used by investing activities.

The Company acquired new funding for an amount of EUR 0.3 million, through a draw on the additional credit facility. The Company placed convertible bonds for an amount of EUR 0.7 million of which received on balance sheet date EUR 0.5 million and acquired new equity for an amount of EUR 1.4 million. Total amount generated through financing activities EUR 2.0 million.

Notes to the Consolidated 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.

Basis of Presentation

The financial year 2003 was the third full year for TIE Holding N.V. as a publicly listed company, as the Company went public in March 2000. In this period the Company went through a very turbulent phase and had to decide to adjust the objectives initially set out in the prospectus (investment scenario). The Company raised additional funding during financial year 2003 and in 2004 was able to refinance its debt position, converting a substantial part into equity. Except for the Berkshire loan as described under 'Long Term Liabilities'.

Based upon its current year operating plan, the reorganization plans announced under the term "fresh start" and the equity placements after September 30, 2003, 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 products, take advantage of future opportunities, or respond to competitive pressures or other requirements, any of which could have a material adverse effect on the Company's business, operating results and financial condition. Furthermore the Company conducts a major part of its business outside of Europe and is therefore exposed to the volatility of the US dollar rates compared to the Euro. Also, global economic and political circumstances might have an adverse effect on the future operations and shareholders equity of the Company.

During 2003 the Company has taken cost reduction and profit improvement measures to improve cash flow from operations. For that reason the operations during 2003 ran at lower standard cost compared to 2002. This strategy will be continued for next year. Combined with the improved financial position, 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.

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.

It should be noted that TIE Belgium has been sold after the end of the financial year; reference is made to section Other information subsequent events.

The results of the 25 % participation of TIE Middle East are not included since they are not known and immaterial given the size of that 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.

Contrary to the year 2002 impairment losses are taken on intangible fixed assets, extra depreciation costs are taken on tangible fixed assets which are out of use or unproductive, for some fixed assets the estimation of life time has been changed resulting into extra depreciation costs. An extra provision has been taken on office space out of use in both the Netherlands as well as the USA (Loss making contracts). More details and amounts are described in the respective sections.

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 and taken 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, periodic review on the valuation is done and impairment tests are executed.

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 marketing focus, future revenues, product lives and economic changes in the company's market.

A periodic review of the valuation is done and therefore an impairment test is made based on cash flow projections for the coming five years, discounted at current market rates and a risk surcharge, resulting into a total discount factor of 15% in 2003 (2002 8,3%).

Tangible Fixed Assets

Tangible fixed assets are carried at cost less depreciation (straight line method) based on their estimated useful lives. Periodic review on the valuation is done and impairment is taken when deemed necessary. An extra depreciation was taken in 2003 on those assets that are no longer in use. Furthermore some assets were reclassified to another category at a higher depreciation rate, the impact of this change of estimation including an adjustment over previous year's amounted to EUR 0.2 million.

Financial Fixed Assets

The participating interests in associates 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, the 18% participating interest of Retail Connect is stated at cost minus depreciation.

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.

Provisions

A provision has been taken for discounted rental commitments on office space out of use in both the Netherlands as well as the USA (Loss making contracts), discount rate used 4.75%

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, bonds, the equity line and warrants, if any. Basic and diluted losses per share are not the same for all periods presented and shown separately.

Consolidated balance sheet

Intangible Fixed Assets

Goodwill

	(EUR x 1,000)	September 30, 2003
Accumulated investments 1 October 2002		19,290
Accumulated amortization 1 October 2002		(12,266)
Net book value at beginning of period		7,024
Translation adjustment		(561)
Amortization		(2,653)
Impairment charge		(1,706)
	Net book value at September 30, 2003	2,104
Accumulated investments 30 September 2003		17,490
Accumulated amortization 30 September 2003		(15,386)
	Net book value at September 30, 2003	2,104
Depreciation period		5 years

The result of the impairment testing in financial year 2003 on the value of the goodwill has led the Company to an additional amortization charge of EUR 1.7 million. The additional charge related to the US based operations, which were acquired when market sentiment was buoyant. Management 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 potential proceeds from sale of TIE Commerce Inc net after costs.

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 average remaining lifetime is 17 months (2002: 29 months).

Other intangible fixed assets

Software development costs

	(EUR x 1,000)	September 30, 2003
Accumulated investments 1 October 2002		2,269
Accumulated amortization 1 October 2002		705
Net book value at October 1, 2002		1,564
Additions		583
Translation adjustments		(71)
Amortization		(559)
Impairment charge		(1,093)
	Net book value at September 30, 2003	424
Accumulated investments 30 September 2003		793
Accumulated amortization 30 September 2003		369
	Net book value at September 30, 2003	424
Depreciation period		3 years

Development costs for new products are capitalized when technological feasibility is established. The additions during 2003 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 resulted into incremental amortization charges in financial year 2003 mainly because of the fact that the Company will focus on products and not on solutions anymore. The average remaining life- time is 19 months (2002: 27 months)

Amortization of these development costs is recorded in depreciation and amortization expenses of fixed assets as part of the general development and administrative cost. Part of these costs were originally capitalized in TIE Commerce and thus denominated in US dollars, the translation adjustment related to the currency conversion is deducted from equity.

The book value per 30 September 2003 reflects the product "TIE Messaging Center", the platform for a DBC supporting messaging, all communication protocols and format conversions.

Tangible fixed assets

Movements in the financial year were as follows:

(EUR x 1,000)	Fixtures and Fittings	Hardware and Software	Vehicles	Total
Accumulated investment per 1 October 2002	3,402	3,190	41	6,633
Accumulated depreciation per 1 October 2002	(1,661)	(2,557)	(16)	(4,234)
Net book value at October 1, 2002	1,741	633	25	2,399
Additions	2	54	15	71
Translation adjustments	(33)	(55)		(88)
Sub total	1,710	632	40	2,382
Depreciation charge for 2003	395	501	10	906
Extra depreciation charge	662	38		700
Change of estimation depreciation	205			205
Total depreciation charge for 2003	1,262	539	10	1,811
Net book value per September 30, 2003	448	93	30	571
Accumulated investments per 30 September 2003	3,242	3,015	43	6,300
Accumulated depreciation per 30 September 2003	(2,794)	(2,922)	(13)	(5,729)
Net book value per September 30, 2003	448	93	30	571
Depreciation periods	4-10 years	2-3 years	3 years	

The depreciation of fixtures and fittings and hardware includes an extra depreciation charge of EUR 0.7 million on assets which are not in use anymore plus extra depreciation costs of EUR 0.2 million on reclassified assets which required a change of estimation in depreciation costs.

The vehicles are partly financed through financial leases, outstanding amount per September 30 EUR 16K.

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, 2003**	**September 30, 2002**
Net book value at beginning of period	22	2
Devaluation of participating interests	(20)	-
Acquisitions of participating interest	-	20
Net book value at September 30, 2003	2	22

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 has been depreciated in 2003 to nil because of the results and equity position.

The 30% participating interest in TIE France SAS is stated at cost. The 25% interest in TIE Middle East is valued at nil after the management buyout that took place in May 2002.

The accumulated depreciation per 30 September 2003 amounts to EUR 79K (2002 EUR 59K).

Taxation

(EUR x 1,000)	**September 30, 2003**	**September 30, 2002**
Corporate income tax, prepaid	-	15
Total	-	15

At September 30, 2003, the Company had a net operating loss carry forward for Netherlands corporate income tax purposes of approximately EUR 30 million, which may be used to offset future taxable income, which does not expire. The foreign net operating loss carry forwards amounted to approximately EUR 6 million, including EUR 0.4 for Belgium which company has been sold after balance sheet date. Reference is made to the section "subsequent events". The remaining part predominantly does not expire for the next 18 years on average (2002: 19 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, 2003, similar to last year. This explains the difference between the average statutory tax rate, 2003 35% (2002: 35%) and the effective tax rate, 2003 0% (2002: 0%)

Other receivables and prepayments

(EUR x 1,000)	**September 30, 2003**	**September 30, 2002**
Other receivables	60	75
Employees	3	14
Prepayments	233	293
Total	296	382

All receivables and prepayments are taken at nominal value for both years, a provision on the receivables was not deemed necessary.

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.

Long-Term Liabilities

(EUR x 1,000)	**September 30, 2003**	**September 30, 2002**
Beginning of year	4,500	4,000
Additions, Berkshire Investments	300	500
Move to short term	(1,350)	-
Subtotal	3,450	4,500
Other	15	25
Total	3,465	4,525

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 4,75%) per annum. CSD Investments B.V., a related party, guaranteed this facility. The Company renegotiated the terms of the loan, including the redemption schedule during January 2003. 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 exercise price of EUR 0,50. TIE pledged 100% of the shares of TIE Nederland BV and TIE Commerce Inc as collateral for the facility. 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 one year starting December 31, 2003 and ending March 31, 2005, unless available cash in the Company permits earlier redemption. An amount of EUR 1,350 of this facility is reported as current installments of loans.

In 2001, the Company has closed a mezzanine facility agreement with Berkshire Investments originally for an amount of EUR 2.0, which changed to EUR 2.5 million in January 2003. The last draw down, in March 2003, amounted to EUR 0.3 million. The total outstanding amount under the facility amounts to EUR 2.3 million per the end of the financial year. The interest rate on this facility agreement was set at 8% and the facility matures per December 31, 2004. To secure the facility, trade receivables of the European and USA entities and the tangible fixed assets of the Netherlands entities have been pledged. In addition a first pledge was granted on the shares of TIE Belgium N.V. and a second pledge was granted on the shares of TIE Commerce Inc. As a consideration for granting the facility, the Company granted 5-year options to acquire 6 million ordinary shares at an exercise price of EUR 0.50. The options expire in October 2007. If the Company does not meet certain criteria (budget, repayment schedules etc) Berkshire may declare all or any part of the loan

immediately due and payable. This right can be and could have been exercised based on current and past results compared to budget.

Earlier redemption of both facilities is agreed pending available cash of The Company.

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.

In 2004 the loan from Delta Lloyd has been transferred and converted into equity and the loan from Berkshire has partially been repaid (EUR 800K). Reference is made to the section "Subsequent Events".

The Company has a note payable in the USA amounting to EUR 3K (plus short term portion 9K) at 6% interest. In Belgium the long-term portion of financial car leases amounts to EUR 12K (short term portion 16K).

Provisions

The company provided a provision for rentals on the remaining lifetime of the rent contract for those square meters that are not in use anymore as a result of the reorganization. A provision has been taken for 65% of the rental charge in the Netherlands for the next seven years and for 50% of the rental charge of the St Paul location in the USA for the next three years. The present value of these future rent obligations discounted at a rate of 4,75% amounts to EUR 3.2 million per September 30, 2003. An amount of EUR 0.6 million is short term, EUR 2 million is medium term and the remainder of EUR 0.6 million is long term.

(EUR x 1,000)	**September 30, 2003**	**September 30, 2002**
Provision Rentals in the Netherlands	2,835	-
Provision Rentals in the USA	330	-
Total	3,165	-

Current liabilities

Credit Institutions and Banks:

This reflects a bank overdraft in the Netherlands of EUR 87K at the Delta Lloyd bank, (CSD Investments BV, a related party, acted as guarantor for this facility), short term bank notes in Belgium amounting to EUR 27K, short term part in Belgium of the car leases EUR 16K and the short term part of the banknote in the USA amounting to EUR 9K.

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, 2003**	**September 30, 2002**
Payroll tax	559	109
Social security contributions	90	(9)
Pensions	245	199
VAT/Sales tax US	551	606
Total	1,445	905

The Company's U.S. affiliate TIE Commerce Inc. has not filed its Federal and State income tax returns for the years 2001 and 2002, but is in the process of doing so. In the past TIE Commerce has collected sales tax from its customer related to sales in states, where it does not have a presence. It has issued credit notes to all customers for the amounts due, which will be used to pay for additional products and services within one year from issuance, after which they will be refunded. The total amount of these credit notes is EUR 184K. Also the Company assessed the likelihood of possible tax penalties and formed an accrual of EUR 217K which is included in the total VAT/Sales tax amount.

Other payables and Accruals

(EUR x 1,000)	**September 30, 2003**	**September 30, 2002**
Reorganization costs	464	-
Supervisory Board	40	30
Accrued expenses and other debts employees	373	770
Interest	146	57
Other accruals and payables	811	607
Total	1,834	1,464

Financial Instruments

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, 2003	September 30, 2002
Floating interest rate (currently 4.75%)	2,500	2,500
8% (10% until December 2002)	2,300	2,000
Other at variable interest rates	15	25
Total	4,815	4,525

Repayment (EUR x 1,000)		
October 2003 to September 2004	1,365	1,375
October 2004 to September 2007	3,450	3,150
Total	4,815	4,525

The terms and conditions of the loans were renegotiated during January 2003. No amounts needed to be redeemed before December 2003. In addition, the interest rate with Berkshire was lowered from 10% to 8%.

In 2004 the loan from Delta Lloyd has been transferred and converted into equity and the loan from Berkshire has partially been repaid (EUR 800K). Reference is made to the section "Subsequent Events".

The fair value of the remaining 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, 2002 to September 30, 2003	October 1, 2001 to September 30, 2002
Net Turnover		
Licenses	2,890	4,544
Consultancy	2,991	3,465
Service and maintenance	4,911	6,132
Total	10,792	14,141
Personnel expenses		
Salaries	7,058	8,354
Social security charges	643	659
Pension premiums	166	173
Total	7,867	9,186
Interest expense		
Bank interest and charges	2	51
Interest Long term loans	322	333
Exchange results (gains)	4	(9)
Other loans	48	13
Total	376	388

Depreciation and Amortization

Both depreciation costs on tangible assets as well as amortization costs on intangible assets and goodwill increased as a result of extra depreciation costs taken on assets no longer in use, a change of estimation in life time on tangible assets and impairment charges on intangible assets and goodwill.

(EUR x 1,000)	2003	2002
Depreciation and amortization Fixed Assets, excluding goodwill	1,465	1,579
Extra depreciation costs tangible assets	700	-
Change in estimation of life time tangible assets	205	-
Impairment intangible fixed assets	1,093	-
Amortization goodwill	2,653	2,944
Impairment goodwill	1,706	-
Total Depreciation & Amortization	7,822	4,523

The depreciation charges relate mainly to the fixed assets of the Company offices and the amortization on intangible fixed assets for an amount of EUR 0.6 million (2002: EUR 0.4 million)

The extra depreciation costs on tangible assets are taken on office locations and equipment which is no longer in use, mainly as a result of the reduced headcount.

The impairment on intangible assets is taken on capitalized development costs in previous years for products which are not considered as spearheads anymore in the marketing strategy for the near future. Reference is made to the report of the Management Board.

The amortization costs on intangible fixed assets amounting to EUR 0.6 million as well as the impairment on intangible fixed assets amounting to EUR 1.1 million reflect amortization costs on capitalized development costs.

The impairment on goodwill relates to the US based operations. As market circumstances deteriorated further, management revalued the Company according to current market value being the higher of the calculated present or economic value of the Company.

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, 2002 to September 30, 2003	October 1, 2001 to September 30, 2002
Net revenue		
The Netherlands	2,610	2,797
Rest of Europe	1,774	1,761
United States of America	6,026	8,852
Rest of the World	382	731
Total	10,792	14,141
Total costs (including depreciation and amortization)		
The Netherlands	13,654	7,053
Rest of Europe	1,143	1,088
United States of America	9,692	10,699
Rest of the World	22	203
Total	24,511	19,043
Results		
The Netherlands	(11,044)	(4,256)
Rest of Europe	632	673
United States of America	(3,665)	(1,847)
Rest of the World	360	528
Total	(13,717)	(4,902)
Total assets		
The Netherlands	4,943	12,677
Rest of Europe	576	479
United States of America	2,144	7,418
Rest of the World	-	-
Elimination	(2,036)	(6,705)
Total	5,627	13,869
Total liabilities		
The Netherlands	23,320	16,924
Rest of Europe	760	723
United States of America	9,149	16,826
Rest of the World	1,401	1,413
Elimination	(20,527)	(25,826)
Total	14,103	10,060
Total investments in intangible and tangible fixed assets		
The Netherlands	501	598
Rest of Europe	38	27
United States of America	115	766
Rest of the World	-	-
Total	654	1,391

Total costs of EUR 24.5 million for the year 2003 include EUR 7.8 million depreciation and amortization charges. The depreciation and amortization charges relate for EUR 4.4 million to the Netherlands and for EUR 3.4 million to the United States of America. In previous year, the depreciation and amortization charges totaled EUR 4.5 million (primarily the United States of America EUR 2.5 million and the Netherlands EUR 2.0 million).

Also included are expenses for Research & Development for an amount of EUR 2.7 million, including EUR 1.7 million amortization of capitalized development costs , of which 1.1 million impairment. Expenditures are made in the Netherlands EUR 2.2 million and the US EUR 0.5 million.

Personnel

The average number of personnel during financial year 2003 amounted to 128 compared to 154 in the preceding year. As the Company changed strategy during 2001, the Company downsized significantly, the USA organization in March 2003 and the organization in the Netherlands per the end of September 2003. Total headcount as per year-end is 41 FTE's lower than last year. The breakdown by department of headcount per year-end is as follows:

(EUR x 1,000)	**2003**	**2002**
Research and Development	18	25
Selling and Marketing	20	35
General and Administrative	70	89
Total	108	149

After year-end 14 employees left the company.

Remuneration of Management Board and Supervisory Board

The remuneration, including pension costs in the current financial year for the Management Board and the Supervisory Board amounted to EUR 457K (2002: EUR 352K) and EUR 30K (2002: EUR 30K) respectively.

The Shareholders set the terms and conditions of employment for the Management Board 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, but was not granted in 2003.

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

2003 (EUR x 1,000)	**Drs Th.H. Raman**	**W.S. Bos RA**
Fixed remuneration	179	136
Severance Pay	-	93
Pension premium	35	14
Variable part	-	
Total financial year 2003	214	243
2002		
Fixed Remuneration	190	120
Pension premium	-	12
Variable Part	-	30
Total financial year 2002	190	162

Total 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.

The severance pay to Mr. W. Bos is based upon his employment contract with the Company and in line with normal rules in the Netherlands. Mr. W. Bos left the company as of October 31, 2003.

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, 2003 amounted to EUR 26K.

Rental Agreements

Under the rental agreements concluded, the annual rental charge, including service costs for all TIE offices, is approximately EUR 1.3 million. The remaining term of the lease is approximately 7 years. Rentals due within one year amounts to EUR 1.3 million, rentals due between 1 and 5 years amounts to EUR 3.9 million, rentals due after 5 years amounts to EUR 1.4 million.

Other

Related Party Transactions

As at September 30, 2003, 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 and acted as intermediary for the placements of Bonds in 2003 and charged an advisory fee to TIE Holding amounting to € 45K.

The total amount owed by TIE Holding N.V. to CSD Investments B.V. per September 30, 2003 amounted to EUR 4K (2002: nil).

COMPANY BALANCE SHEET AT SEPTEMBER 30, 2003

(Before proposed appropriation of results)

Assets

(EUR x 1,000)	September 30, 2003	September 30, 2002
Fixed assets		
Intangible fixed assets	871	2,458
Tangible fixed assets	399	1,484
Financial fixed assets	1,141	6,258
Total fixed assets	2,411	10,200
Current assets		
Debtors	157	170
Cash and cash equivalents	596	9
Total current assets	753	179
Total assets	3,164	10,379

Liabilities and stockholders' equity

(EUR x 1,000)	September 30, 2003		September 30, 2002	
Capital and reserves				
Issued and paid-up share capital	1,914		1,570	
Share premium	37,294		35,788	
Foreign currency translation reserve	-		-	
Legal reserve	424		1,564	
Convertible Bonds	722		-	
Other reserves	(35,113)		(30,211)	
Net result	(13,717)		(4,902)	
		(8,476)		3,809
Long term credit facility		3,450		4,500
Provisions		3,701		395
Short term loans and Bank overdraft		1,437		46
Creditors		3,052		1,629
Total liabilities and stockholders' equity		3,164		10,379

Company Profit and Loss Account

(EUR x 1,000)	October 1, 2002 to September 30, 2003	October 1, 2001 to September 30, 2002
Result of participating interests	(5,768)	(1,905)
Loss on ordinary activities before taxation	(7,925)	(2,997)
Corporate income tax credit	(24)	-
Net Result	(13,717)	(4,902)

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, 2003
Accumulated investments 1 October 2002	7,778
Accumulated amortization 1 October 2002	(5,320)
Net book value at beginning of period	2,458
Amortization	(1,046)
Impairment charge	(541)
Net book value at September 30, 2003	871
Accumulated investments 30 September 2003	7,778
Accumulated amortization 30 September 2003	(6,907)
Net book value at September 30, 2003	871
Depreciation period	5 years

The average remaining life of the goodwill is 1.5 years (2002: 2.5 years). Impairment testing on the outstanding amount resulted into an impairment charge to be taken on the goodwill value of TIE Commerce. Reference is made to the notes to the consolidated financial statements with respect to the amortization charges. The book value per September 30 2003 includes the goodwill paid for TIE Belgium, which company was sold in November 2003; reference is made to the section of subsequent events.

Tangible Fixed Assets

(EUR x 1,000)	Fixtures And Fittings	Hardware and Software	Total
Accumulated investments 1 October 2002	2,326	808	3,134
Accumulated amortization 1 October 2002	(885)	(765)	(1,650)
Net book value at October 1, 2002	1,441	43	1,484
Additions	-	2	2
Depreciation charge for 2003	(552)	(41)	(593)
Extra depreciation charge	(494)	-	(494)
Net book value at September 30, 2003	395	4	399
Accumulated investments 30 September 2003	2,326	810	3,136
Accumulated amortization 30 September 2003	(1,931)	(806)	(2,737)
Net book value at September 30, 2003	395	4	399
Depreciation periods	4-10 years	2-3 years	

Reference is made to the notes to the consolidated financial statements. The depreciation charge includes an extra charge of EUR 205K because of a change in estimation of life time resulting into a higher depreciation rate, including an adjustment over previous years. The extra depreciation charges relate to assets no longer in use or unproductive.

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, 2002	15	6,243	6,258
Share transfer TIE Belgium	202	(202)	-
Capital Increase TIE Commerce	5,411	(5,411)	-
Share of net result	(5,769)	-	(5,769)
Redemptions	-	(605)	(605)
Transfer to provision for equity deficit	184	287	471
Foreign exchange difference	786	-	786
Net book value at September 30, 2003	829	312	1,141

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. The loans have usually a term of more than one year and include subordinated loans amounting to EUR 5.5 million at an interest level of 6.5% per annum.

Debtors

(EUR x 1,000)	September 30, 2003	September 30, 2002
Trade debtors	29	13
Taxation	-	10
Other receivables and prepayments	128	147
Total	157	170

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. A total of 19,135,225 ordinary shares of EUR 0.10 each are paid-up and called-up, resulting in issued and paid-up share capital of EUR 1,913,523. No preference shares are outstanding.

During 2003 3,435,579 ordinary shares were issued at an average price of EUR 0.40.

The purpose of the Preference Shares is to protect TIE from a hostile takeover. Stichting Preferente Aandelen TIE has concluded an option agreement with TIE in 2000. According to this agreement Stichting Preferente Aandelen TIE has the right to require TIE to issue Preference Shares to a maximum of 50% of the nominal value of the outstanding Ordinary Shares at that time. Issue of the Preference Shares under the option agreement may only take place to serve the aforementioned objective of Stichting Preferente Aandelen TIE. In the course of 2004, this protection mechanism will be the subject of further evaluation by the Management Board and the Supervisory Board. The equity is broken down as follows:

(EUR x 1,000)	2003	2002
Issued and paid-up share capital		
Opening Balance	1,570	1,570
Shares issued	344	-
Closing Balance	1,914	1,570

(EUR x 1,000)	2003	2002
Share premium account		
Opening Balance	35,788	37,168
Costs shares and Bonds issued	(137)	(8)
Transferred from legal reserve	1,140	(772)
Transfer to foreign currency translation reserve	(527)	(600)
Shares issued	1,030	-
Closing Balance	37,294	35,788

(EUR x 1,000)	2003	2002
Foreign currency translation reserve		
Opening Balance	-	49
(Deductions) /additions	(527)	(649)
Transfer from share premium account	527	600

Closing Balance	-	-

(EUR x 1,000)	**2003**	**2002**
Legal reserves		
Opening Balance	1,564	792
Transferred to share premium account	1,140	772
Closing Balance	424	1,564

Convertible Bonds

During August and September 2003 the company issued three convertible bonds that are considered as part of the Equity because of the fact that these bonds do have a fixed conversion rate and conversion can take place at the discretion of the Company itself.

Name and Date of issuance	Conversion price per share	Number of shares	Conversion period	Amount
Mercurius Capital Management August 21, 2003	EUR 0.24	950.000	30 Nov.2003 - 30 Nov 2005	EUR 228,000
Mercurius Capital Management August 29, 2003	EUR 0.24	950.000	15 Dec.2003- 15 Dec.2005	EUR 228.000
Smaal Beheer B.V. September 20, 2003	EUR 0.28	950.000	15 March 2004- 15 march 2006	EUR 266,000
Total		2,850,000		EUR 722,000

The cash equivalents of the Bonds issued per September 20, 2003 are received per October 8, 2003.

(EUR x 1,000)	**2003**	**2002**
Other reserves		
Opening Balance	(30,211)	(14,165)
Appropriation of result prior year	(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.

Employee stock option plans in financial year 2003

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 Management Board granted an additional 258.750 options to the employees of the U.S. 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 Management Board 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
Chief Financial Officer	240,000 options
All other employees	1,190,971 options

Per September 30, 2003, a total of 500.000 options have been issued at a strike price of EUR 0.31. All employees in the Netherlands have been awarded stock options. In contrast with previous years, members of the Supervisory Board have not been allocated stock options. In view of the recommendations of the Tabaksblat committee, the Supervisory Board has decided to adopt the guideline that Supervisory Board Members should not receive stock options in companies they govern. For the first time, the Chief Executive Officer received 48,706 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 in January 2003 to a price of EUR 0.50 as a result of the negotiations on the total facility and the extension of the redemption to December 31, 2004. The term has been extended until October 1, 2007.

During the same negotiations another option of 3 million shares was granted to Berkshire Investments as a consideration to increase the working capital facility, these options have an exercise price of EUR 0.50 and will expire at October 1, 2007 as well.

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 May 9, 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 in January 2003 with Navigator for the extension of the equity line, the warrants were repriced to EUR 0.60 – EUR 1.0. The term has been extended until November 2005.

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

OPTIONS	Date	Outstanding options	Weighted average exercise price	End Date
Personnel Option Plan 1999 Belgium	Jan 20, 2000	65,698	EUR 2.03	Feb 2004
Delta Lloyd Bank N.V.	Dec 20, 2000	100,000	EUR 0.50	Dec 2008
Navigator Investment Holdings Ltd	May 9, 2001	100,000	EUR 0.60	Nov 2005
Navigator Investment Holdings Ltd	May 9, 2001	100,000	EUR 0.70	Nov 2005
Navigator Investment Holdings Ltd	May 9, 2001	100,000	EUR 0.80	Nov 2005
Navigator Investment Holdings Ltd	May 9, 2001	100,000	EUR 0.90	Nov 2005
Navigator Investment Holdings Ltd	May 9, 2001	100,000	EUR 1.00	Nov 2005
Berkshire Investments BV	Aug 6, 2001	3,000,000	EUR 0.50	Oct 2007
Personnel Option Plan 2001 Netherlands	Sep 28, 2001	318,796	EUR 0.63	Mar 2005
Supervisory board	Sep 28 ,2001	45,000	EUR 0.63	Mar 2005
Personnel Option Plan 2001 Belgium	Sep 28, 2001	74,062	EUR 0.59	Jun 2005
Personnel Option Plan 2001 USA	Sep 28, 2001	114,500	EUR 0.63	Mar 2005
Personnel Option Plan 2002 Netherlands	Sep 27, 2002	706,480	EUR 0.65	Mar 2006
Supervisory board	Sep 27,2002	80,000	EUR 0.65	Mar 2006
Personnel Option Plan 2002 Belgium	Sep 30, 2002	110,547	EUR 0.57	Jun 2006
Personnel Option Plan 2002 USA	Sep 27, 2002	403,521	EUR 0.57	Mar 2006
Berkshire Investments BV	Jan 7, 2003	3,000,000	EUR 0.50	Oct 2007
Personnel Option Plan 2003 Netherlands	Sep 30, 2003	497,614	EUR 0.31	Mar 2007

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.

Available options for re issuance as a result of cancelled options from employees who left the Company by September 2003 totals to 476,980 options. In 2000 no options were issued to personnel at all and after the close of the financial year another 434,777 options were cancelled.

This leaves a total of 1,411,757 options available for reissue. In February 2004, 850.000 options were reissued, 500,000 to personnel in the USA and 350,000 to the CEO. This leaves a total of 561,757 options available for reissue.

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.

Shares and Shareholders

The interests in the capital of the Company of the Members of the Management Board and Supervisory Board at September 30, 2003 are shown below.

	Ordinary Shares	**Options to acquire Ordinary Shares**
D. Hobart	10,700	50,000
J.W. Cutts	-	40,000
B. Geersing	-	35,000
W.S. Bos	2,850	265,000
Th.H. Raman	6,013,339	48,704

The options that were granted to the Supervisory Board and the Management Board have the following terms:

	Option plan 2001	**Option plan 2002**	**Option plan 2003**	**Total**
Exercise price	0.63	0.65	0.31	
Term	March 2005	March 2006	March 2007	
D. Hobart	25,000	25,000		50,000
J.W. Cutts	20,000	20,000		40,000
B. Geersing	-	35,000		35,000
Th.H. Raman	-	-	48,704	48,704
W.S. Bos	25,000	240,000		265,000
Total	70,000	320,000	48,704	438,704

Since the employment of Mr. Bos was terminated, his options have been cancelled. Mr. Hobart's term on the Supervisory Board ended in March 2003, but in appreciation for the work he has done for TIE his options were not cancelled.

On September 30, 2003 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 a personal holding company named respectively: CSD Nederland BV, R. Stolwijk Holding BV, Säl BV and GCV Wouters & Co.

Provisions

Equity deficit subsidiaries

There is a provision for equity deficit for subsidiaries.

(EUR x 1,000)	2003	2002
Opening Balance	395	466
Addition/(Deduction)	471	(71)
Closing Balance	866	395

Rental obligations

Per September 30, 2003 the Company provided a provision rentals building for those parts of the building not in use by the Company anymore. This provision has been calculated on the remaining time of the rental contract until May 2010. The discounted value taken is based on an interest rate of 4.75%.

(EUR x 1,000)	2003	2002
Opening Balance	-	-
Addition	2,835	-
Closing Balance	2,835	-

Creditors

(EUR x 1,000)	September 30, 2003	September 30, 2002
Trade creditors	662	657
Taxation and social security contributions	336	16
Pension premiums	245	199
Amounts owed to affiliate companies	17	17
Intercompany	895	357
Other payables and accruals	897	383
Total	3,052	1,629

Company Profit and Loss account

(EUR x 1,000)	October 1, 2002 to September 30, 2003	October 1, 2001 to September 30, 2002

Personnel expenses

Salaries	1,184	583
Social security charges	106	31
Pension premiums	55	38
Total	1,345	652

Personnel

The average number of personnel during financial year 2003 amounted to 18.7 (2002: 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, 2003 amounted to EUR 6K.

Rental Agreements

Under the rental agreements concluded, the annual rental charge, including service costs for the offices of TIE at Amsterdam (Schiphol-Rijk), is approximately EUR 0.8 million. The rental agreement expires in 2010. Rental due short term amounts to EUR 0.7 million, medium term is EUR 3.1 million, and long term is EUR 1.4 million.

Taxes

The company has formed a financial 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 financial 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 13.7 million will be charged to Other Reserves.

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, 2003 and subsequent financial years. Payment of dividends can be made either in cash or in stock.

Subsequent Events (unaudited)

On November 10, 2003 TIE announced the completion of the reorganization that had started at the beginning of the financial year. The company parted with a number of employees, including the CFO Wouter Bos. They all received satisfactory compensation.

On November 18, 2003 the Company issued a convertible bond with a principle amount of EUR 290,000 to a private investor Mr. M. Manders. The principle amount can be converted at a price of EUR 0.29 per share which means that a maximum of 1,000,000 ordinary shares in TIE Holding might be issued. The conversion can take place between July 1, 2004 and November 15, 2007. Further to this transaction Mr. Manders received 500,000 options that can also be exercised between July 1, 2004 and November 15, 2007 at a strike price of EUR 0.32.

The Company published its results for the first quarter of the year 2004 on February 3, 2004. The net result for the quarter amounted to EUR 122K; the result over the same period in 2003 was EUR 1.2 million negative. The result per share was EUR 0.01 (2003 EUR-0.07). Net revenue compared with the previous quarter was marginally lower, also because of the sale of TIE Belgium which was only consolidated for one month, in 2003 for the full quarter. Lower operating costs were the major driver for the improvement of the net result.

Equity remained negative but showed an improvement from EUR -8.5 million per September 30, 2003 to EUR -7.6 million per January 1, 2004. The cash flow from operations in the first quarter 2004 was negative for an amount of EUR 1.6 million, mainly because of repayment of debts. Placements of new shares and bonds issued as described in this section generated EUR 0.8 million. Cash proceeds from the sale of TIE Belgium were used to pay off part of the long term loans.

On November 24, 2003 the sale of TIE Holding's subsidiary TIE Belgium N.V. to the Belgian ICT architecture company Porthus N.V. was finalized, which generated proceeds of approximately EUR 1 million. Of this amount EUR 400K was used to repay part of the credit facility from Berkshire Investments, the second installment for an amount of approx. EUR 400K is to be received mid 2004 and will also be used to repay part of this credit facility. TIE Belgium will continue to operate under its current name and will continue to be the exclusive reseller for TIE software in Belgium; TIE Holding will receive 50% of the software and maintenance revenue.

On November 27, 2003 and December 16, 2003 TIE placed a total of 1.9 million new shares with professional investors, strengthening TIE's equity with EUR 475K. The total number of shares in issue to date is 21,035,225 shares.

On February 3, 2004 the Company re-issued 500,000 personnel stock options to the personnel in the USA at EUR 0.28. All US personnel have received options. Normally, such options are allotted at the end of the financial year, but given the reorganization that went on at that time, only Dutch personnel was awarded options in September 2003.

In 2001 a special option package was awarded to the management of TIE. At that time the CEO, Dick Raman was awarded 350,000 options. He decided at that time not to accept the options and to distribute them amongst the (non-management) personnel of TIE. In light of the recent developments in TIE, the Supervisory Board re-allocated these options to the CEO at an exercise price of EUR 0.32.

Under TIE's personnel option plan, employees leaving the company lose their options, which become available for re-issue at a later date. There are over one million options available, of which 850,000 have now been re-issued.

On February 5, 2004 TIE issued a Convertible Bond with a principle amount of EUR 320.000 to Smaal Beheer BV, a Dutch Asset Management company. The principle amount can be converted at a price of EUR 0.32 per share, which would cause the issue of a maximum of 1 million ordinary shares in TIE Holding NV. The conversion can take place between July 15, 2004 and July 15, 2007. Smaal Beheer previously invested in TIE when in September 2003 they took up a convertible bond of EUR 266.000 that can be converted into 950.000 shares.

In the latter part of February 2004 a strategic alliance was formed between TIE and De Vries Robbé Groep NV ("DVRG"). The goal of this alliance is to exploit the emerging and lucrative market for B2B Integration in Eastern Europe, now that various Eastern European countries will join the European Union. DVRG's Hungarian division, Triton KFT, will establish a joint venture with TIE, under the name "TIE Hungary KFT". TIE will obtain a minority position in this joint venture. TIE Hungary will introduce TIE's B2B Integration Software in Hungary and subsequently in Eastern Europe.

In order to emphasize the strategic nature of the alliance, agreement was reached between Mr. G. Tóth, CEO of DVRG, Delta Lloyd Bank and TIE to transfer the facility agreement between Delta Lloyd Bank and TIE dated December 21, 2000, to Mr. G. Tóth. Subsequently Mr. G. Tóth agreed with TIE to convert the EUR 2.5 million loan into equity. This was done in the form of two convertible bonds which can be converted at the discretion of the Company at a conversion price of EUR 0.50. The first bond can convert into 2 million Ordinary Shares of TIE Holding NV before December 31, 2005, and bears a 4.7% annual interest rate which is payable monthly. The second bond can be converted into 3 million Ordinary Shares of TIE Holding NV before July 1, 2006 and has a 4.7% annual premium, payable at conversion, which can be converted into shares as well. As part of the transaction, Delta Lloyd Bank has received 500.000 options on Ordinary Shares TIE Holding NV, to be exercised within five years, at an exercise price of EUR 0.50. In this transaction Mr. G. Tóth acted on his own behalf, but it is the intention that in due course an amount of shares constituting at least 5% of the outstanding share capital of TIE will be transferred to DVRG.

Auditors' Report

Introduction

We have audited the financial statements of TIE Holding N.V., Amsterdam (Schiphol-Rijk), for the year October 1, 2002 – September 30, 2003 as set out on pages 30 to 60. 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, 2003 and of the result for the year October 1, 2002 – September 30, 2003 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 34 of the financial statements, which refers to the uncertainties 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, February 27, 2004

ERNST & YOUNG ACCOUNTANTS

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