TIE Holding NV

Annual Report

for the financial year 2004

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 2004 (October 1, 2003-September 30, 2004).

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 2004

October 1, 2003 - September 30, 2004

Financial Highlights

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

	2004	2003
Financial Results		
Revenue – Third Party	7,635	10,792
Depreciation & Amortization	(1,740)	(7,822)
Net Result	580	(13,717)
Shareholders' Equity		
Total Assets	3,998	5,627
Total Shareholders' Equity	(1,170)	(8,476)
Employees (expressed as full time equivalents)		
Average Number of Employees in Group Companies	80	128
Per Share of Ordinary Shares		
Net Result	0.02	(0.78)
Shareholders' Equity	(0.05)	(0.44)
Number of shares outstanding	28,320,725	19,135,225
Weighted average number of shares outstanding	22,650,667	17,500,519
Average number of diluted shares outstanding	25,619,943	22,231,125
Share price		
Introduction (March 2, 2000)	10.00	
Last Trading Day in financial year	0.41	0.27
Highest	0.71	0.80
Lowest	0.24	0.19

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Letter to the Shareholders

"It was tough to start in 2004 after the extensive reorganization which was effected at the end of 2003. We had to let a substantial number of our staff go in both in Europe and the USA. Although the volume of trading in our shares was relatively high, and we had managed to access the capital markets, we had no certainty that this situation would be sustained sufficiently to enable us to raise sufficient capital to repay all debt and to make the investments essential for our future growth.

Nevertheless, at the end of the financial year the volume of trading in our shares was running at almost half a million shares per day and we had managed to place sufficient shares to create an acceptable financial position. It was certainly a major step to convert EUR 2.5m of debt into 5m shares through a transaction with DVRG NV and this strategic alliance led to the establishment of TIE Hungary, which also added to our revenues. During the year we divested our holding in TIE Belgium, which was painful but contributed to the repayment of the long-term debt and all our outstanding short term debt.

At the end of the financial year we can now confirm that all our expectations at the beginning of the year have been met. Although we had to put in considerable effort, we now believe that we have reached the point where TIE is well positioned to enjoy a sustainable improvement in performance.

The market is responding well to our products as we focus on three product lines. Besides our established position in the B2B Integration market, we have gained considerable strength in both Data Synchronization and XBRL. We have outsourced all of our non-core activities, and can now focus all of our attention on our core business.

I was much honored to be elected Chair of the UN/CEFACT Forum, an important position in the Global B2B eCommerce standardization arena. This position will certainly require me to commit time, but it is already clear that it opens doors for TIE that might otherwise remain closed.

All in all, we have come through a difficult period intact and we can look forward to a prosperous future for TIE. We have set ourselves some ambitious targets, but we are confident that we can attain them. We will use all our efforts to increase shareholder value, create a rewarding workplace for our employees and provide excellent solutions for our customers and resellers."

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

Report from the Supervisory Board

To the annual general meeting of shareholders,

In 2004, the Supervisory Board held seven meetings during which we:

- Monitored the impact of the downsizing initiated in the previous year.
- 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 and the sale of certain of TIE's subsidiaries.
- Supported the continued efforts of the Management Board to secure additional capital.
- Ensured the compliance of TIE with the reporting and governance requirements of EuroNext.
- Ensured proper implementation of the agreed compensation policy for the Management Board.

Our conclusion is that TIE had a reasonably good year and is making good progress to a stable recovery.

TIE's management has at all levels remained focused even though customers continue to hesitate with investment decisions on which TIE depends. TIE's recurring maintenance revenues have remained stable at 45% of overall revenues. The measures taken to trim the cost base have ensured that positive operating cash flow (excluding payments of past short term liabilities) was achieved and can be sustained quarter by quarter. TIE was thus able to achieve its goal of net profitability in 2004.

As TIE cut back, so it was felt appropriate for the Management Board and Holding be also trimmed. Dick Raman has been the sole member of the Board. Since the performance of the Management Board was more than adequate, this arrangement will be maintained until TIE is of a size that requires an enlarged Board.

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 2004 without a reduction in both cost 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 is 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 also consulted fully.

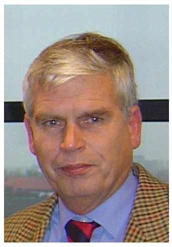
TIE's equity position has greatly improved with the capital increases that took place during the year combined with the net profitability. This has ensured that the financial situation is now much better.

TIE today is a smaller and stronger company. The prospects continue to improve and we look forward to growth and improved profitability in 2005.

Amsterdam, February 1, 2005

The Supervisory Board,

J.W. Cutts (Chairman)
Mr. B. Geersing
Prof. A.F.L. Veth

	John Cutts	Bauke Geersing	Ton Veth
			
Gender	Male	Male	Male
Age	54	61	58
Profession	Investment Banker	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	None	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

Company Profile

TIE is a global Business-to-Business Integration (B2Bi) Software and Services company. With a history that began in 1987, TIE has been a pioneer in both developing electronic commerce solutions as well as a significant contributor in defining the global standards that have saved businesses and governments billions of dollars through efficient trading. Our software and services in our "Enterprise Portal Framework" have helped more than 4,500 organizations world wide to drive business collaboration and maximize profitability by automating and optimizing cross-enterprise business processes. TIE solutions are based upon years of XML/EDI^{tm} and business process experience giving customers the true benefits of open trading. TIE provides "best of breed" software and expertise to its subsidiaries and resellers worldwide enabling them to help companies conduct business electronically. TIE has a broad customer base in the Netherlands, USA, France and Belgium, with significant market share in Europe, Latin America and Asia.

TIE is listed on the EuroNext Amsterdam Stock Exchange (TIE) and is included in the NextEconomy Index.

Vision Statement

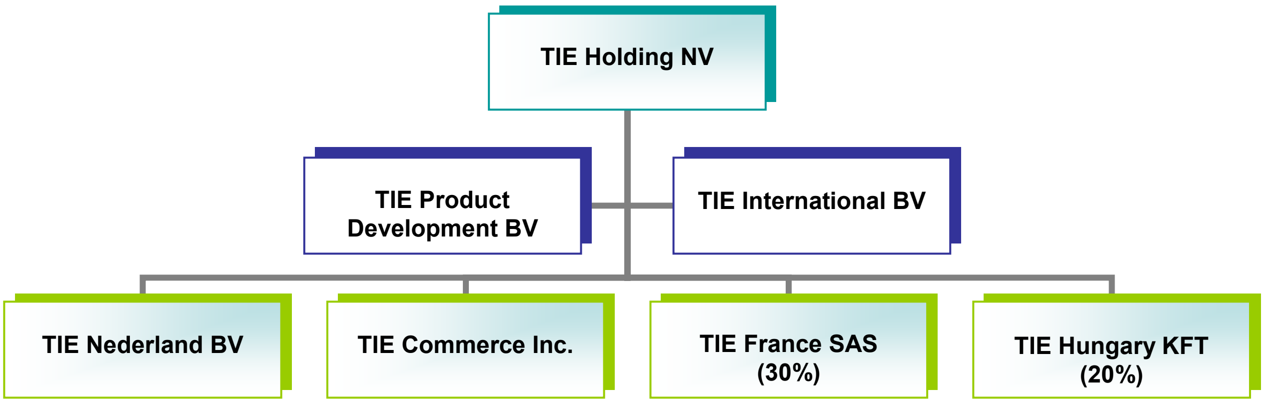
"By using the Internet as the platform to "TIE" their business processes to those of their customers, suppliers and other business partners, companies will realize dramatic improvements in efficiency and build the foundation for ongoing success."

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, and where business is done electronically.

The structure of the TIE organization during the financial year 2004 was as follows:



TIE is positioned as a Business-to-Business 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 17 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, where growth in software revenue only requires marginal growth in cost thus establishing the potential for high profits.

TIE Product Development creates standard products, which are targeted for reselling via Agents/Partners and via all subsidiaries as part of their overall solution offering. They deliver 'whole products' in terms of software, and documentation. The products are generic but the solutions can be pre-configured for easy deployment in specific industries and can be adapted to 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. They help customers to achieve efficiency and cost-savings by streamlining their interactions with their partners in the supply chain. TIE offers suitable solutions based on the TIE software and a full range of services. TIE Subsidiaries have in-depth knowledge in many vertical markets such as retail, health care, automotive, transport, and finance.

The Business Integration Market

Recent years have seen an increasing number of mergers and acquisitions resulting in companies that operate a wide range of different and diverse systems, applications, and business processes. The challenge facing IT managers is how to get their systems all speaking the same language. The tough business climate means that the answer can no longer be to throw out the old and start from scratch. An integration project endeavors to solve an organization's challenges of managing business processes and workflows, ensuring that back-end systems can talk to front-end systems, legacy applications communicate with the emerging technologies and applications, processes are seamless and fine tuned for efficiency throughout the organization and in the interfaces with external entities.

With added economic pressures to decrease costs and increase profits, and continually mounting competitive pressures to reduce time-to-market and improve customer satisfaction and retention, most companies recognize the urgent need to integrate their business and IT infrastructures. Business integration has remained a top corporate priority--and may even increase in importance over the next years.

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.

Changes in today's business and technology environments have significantly enlarged the scope of integration, from technology-focused ERP types of applications to business-focused integration processes. All the basic EAI capabilities are still needed: transformation, translation and mapping capabilities to convert data or messages from one format to another; and other components. But the maturation of EAI-type technologies and the increased need for more flexible and dynamic business control is beginning to drive some fundamental changes in enterprise integration platforms.

The following requirements are driving the integration market:

- Business process management has become the focus of integration.

  More and more organizations want their business to be driven by business needs, business processes and business relationships--not by technologies or technology limitations. Business process management enables business managers to help define and manage the underlying technical integrations. Integration platforms must include robust, graphical, easy-to-use business process management tools for driving the underlying system and application integrations.

- Integration standards have matured and are becoming widely accepted

  There is a distinct understanding in the marketplace that the proliferation of XML-based standards, which occurred in the past years, is not leading to the desired reduction of costs. The market is now ready to work towards a common standard at a global level. It is becoming clear that ebXML will be that standard. This new global standard will solve not just the communication between systems in different companies, but also the semantic problem that is inherent to doing business electronically. Traditional integration solutions and webServices tools have not addressed these issues properly.

  Companies can build on the know-how and experience of TIE to help them plan and execute their Business-to-Business Integration and unleash the full potential of previous integration investments and new global standards alike.

The Company

Joining Vision and Experience

Since its foundation in 1987 TIE has been active in B2B Integration, not only in software development but more importantly, 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 TIE has built up over the years.

It is true that the Internet offers opportunities to take Business-to-Business Integration to a new level. Electronic Commerce is available to small and medium-sized companies and is user-friendlier by applying the standards set by web browsers and graphical user interfaces. The success of Business-to-Business Electronic Commerce does not depend on technology, but on understanding the business processes involved. To make Business-to-Business eCommerce work, trading partners must agree on specific ways of doing business and restructure their business processes accordingly.

Mass adoption of Internet-based Electronic Commerce 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 with 18 years of experience in building links between applications and processes for many different companies.

Another route many companies will take toward Electronic Commerce includes building their own private exchanges. 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 Electronic Commerce objectives.

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

In many cases, these private exchanges then will be connected to Digital Business Communities, public exchanges, and individual partners in the supply chain. Each will require some type of Business-to-Business 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, data communication and 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, underpinning our value statement of "Joining Vision and Experience".

Products and Services

TIE Enterprise Portal Framework

TIE has a comprehensive range of software and services, which enables companies to structure and synchronize 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 is the overlaying concept by which we offer solutions to our customers. The solutions we offer based on this framework range from entry-level to high-end B2B Integration products that make 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 information. They integrate trading partners via the World Wide Web or other Internet protocols and traditional value added network services (VANS). It incorporates a wide range of modules for data synchronization, product information management, financial reporting, communication, transformation, database integration, and Enterprise Resource Planning (ERP) system integration.

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

> **Collaboration Layer** - consists of integration modules that enable companies to take full advantage of Business-to-Business Integration by optimizing the information flow in the supply chain. TIE Enterprise Portal Framework products deliver streamlined operations throughout all internal and external business processes and seamlessly integrate ERP or legacy applications.
>
> **Commerce Layer -** consists of trading partner management and communication modules that allow companies to exchange mission-critical transactional data like invoices and purchase orders with buyers and suppliers directly to and from their software application system.
>
> **Content Layer -** Consists of Product Information Management modules that help companies structure, classify and synchronize product information with partners in the supply chain.

TIE offers a complete range of business integration solutions from turnkey to flexible components that can easily plug into your existing infrastructure. Our products have different editions to accommodate specific markets and vertical industry segments where appropriate.. In addition, we have developed comprehensive answers to specific business needs that are quickly growing in importance. These suites encompass all technology required to quickly and efficiently achieve a full state of readiness for our customers and a swift and solid ROI.

> **TIE Data Synchronization Suite -** TIE offers a certified Data Synchronization Suite with modules for Product Information Management, Workflow and Messaging integrated in one platform. TIE has significantly expanded it solution offering with this Data Synchronization Suite which gives customers the flexibility to conduct business more effectively, meeting mandates and complying with UCC*net standards. TIE is in the process to certify this solution for other data pools like Transora and World Wide Retail Exchange (WWRE) as well.

TIE Financial Reporting Suite -TIE offers a complete suite of tools for the preparation, transmission and processing of XBRL reports. TIE's Financial Reporting Suite provides a secure and reliable messaging infrastructure for the submission of XBRL reports (Instance Documents) over the Internet. TIE's extensive experience in eBusiness standardization and development of B2B integration software has made XBRL a natural complement to TIE's core business.

Outsourcing and Professional Services become increasingly more important in today's market. TIE provides the resources requested to fill any in-house gaps associated with solution configuration, operation and support. Services are available to address either short-term or long-term requirements.

TIE's commitment to customer success extends beyond delivering end-to-end business integration software. Over the past years, TIE has developed a world-class global services organization to complement our industry-leading business integration solutions.

TIE partners with customers and system integrators through a set of Consulting, Educational and Support Services to ensure success factors are in place for customers to be successful.

Digital Business Communities

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 Communities (DBC).

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. 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 platform for a complete vertical market sector. A Digital Business Community provides suppliers and buyers alike, with all facilities to support the sales and procurement processes and the exchange of information between multiple partners. **RetailConnect** is an example of a DBC in the non-food sector, where trading partners can exchange product information and do business electronically.

Strategy

TIE's objective is to be a leading provider of Business Integration software and services. To achieve this objective, TIE intends to pursue the following strategies:

Significantly grow the Company

The primary strategy is to grow TIE's revenue significantly. The concept is to become a "$100m Company" before the end of the decade. When TIE has more 'substance' it will be a more attractive supplier for larger, multi-national companies, which increases the deal-size of implementation projects. It will attract more attention from financial analysts and therefore investors, which increases the access to the capital market and the share price. It will also achieve economies of scale in product development and marketing, which lowers costs.

This cannot only be achieved via organic growth which is targeted at 25% per annum once the economic circumstances improve. Additional growth will come from corporate sales, which will be negotiated annually and through global reseller contracts. Finally, growth will be achieved by acquiring companies that expand TIE's market reach, customer base and service offerings with a focus on B2B Integration.

Short-term Financial objectives

TIE has defined a number of short term objectives that will provide a milestone for the success of our strategy. For the financial year 2005 TIE aims to significantly grow the top line revenue by 12-20% in 2005. The targeted net profit for 2005 is 10% of revenue, further and substantial improvement of net profit is foreseen in subsequent years. TIE will allow organic expenses to grow at a 10% lower rate than the revenue growth and aims to maximize cash flow from operational, investing and financing activities in order to finance future investments.

Leverage customer partnerships

TIE has always been in close contact with its customers to make sure all solutions designed and built, exactly fit the needs of their target users. TIE has built not only its solutions, but also its organization to fully support and understand the business drive of our customers. We will not rest until our customers are fully satisfied and have reached the objectives laid down when they started B2B Integration with us.

Maintain Technological Leadership

TIE has a history of technology leadership and dedication to continuous product improvement. TIE's comprehensive suite of business integration products enables its customers to rapidly and efficiently streamline business processes internally and across the supply chain. TIE will continue to promote and embrace existing and emerging industry standards. TIE may acquire businesses; products or technologies that it believes will enhance and expand its current product offerings.

Ongoing participation in developing Global Business Standards

TIE will continue to be an active contributor towards standards development. In September 2004, Dick Raman, CEO & President of TIE Holding N.V. was elected Chairman by the meeting of experts of the United Nations body for Trade Facilitation and Electronic Business (UN/CEFACT), which is responsible for Global standards like UN/EDIFACT and ebXML. In this position TIE will be able not only to be at the forefront of developments, but will be playing a leading role here.

Leverage and Expand Strategic Alliances/Partnerships

TIE believes that relationships with leading software and other technology vendors, as well as system integrators, provide opportunities to gain customers in markets where its products and services are in demand. TIE intends to leverage its established relationships and forge new alliances to enhance marketing, selling and implementation initiatives. TIE believes that many of these vendors and system integrators seek to partner with strong technology providers that will enable them to more rapidly satisfy customer needs. TIE has relationships with the following leading software and technology vendors: Microsoft (Gold Level Partner), SAP, Oracle, Epicor, RCM, CGS and global system integrators.

TIE believes that these relationships better enable it to sell additional products to existing customer base, acquire new customers and enhances its market presence.

Further Penetrate our Customer Base

TIE has a large and growing customer base across a wide variety of industries. The strategic importance of TIE solutions allows it to develop strong relationships with the key technology decision makers within its customer base. In addition, the strategic selling approach facilitates broad adoption of TIE products throughout a company. Accordingly, TIE intends to generate incremental sales from its existing customer base through the introduction of new and enhanced products.

As the only public company of its kind, there is an opportunity for expanding the customer base beyond what it is today. TIE can be the vehicle to consolidate a number of European B2Bi companies, utilizing the access to the capital markets to fund investments in product development and marketing.

Risk Profile

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 and larger players into 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 might lose interest in holding TIE stock, leading to inability to raise funds to invest in TIE's growth.

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

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;
- Building interoperable components pieces in the form of webServices, which may be packaged as products for international sales or repackaged by regional solution providers;
- Continuing 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;
- Further optimizing the internal business processes, fully utilizing the potential of the newly implemented internal system 'My-TIE'.

The Dutch corporate governance code

On December 9, 2003, the Corporate Governance Committee, Chaired by Mr. Morris Tabaksblat issued a new corporate governance code that applies to all listed companies incorporated in the Netherlands. This code is based on the principle accepted in the Netherlands that a Company is a form of long-term 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 to take into account 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 is required to include a description in its annual accounts of its compliance with the principles. 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 also needs to be documented in the annual accounts.

The corporate governance code came 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 of the corporate governance structure, possible deviations there from and explanation thereto, should be scheduled for the annual general meeting called in 2005 in respect of the book year 2004. However, TIE had already decided to include a description of the corporate governance structure of the Company in the annual report published last year for 2003.

In this annual report a further analysis will be given on the measures that the Company has taken in the financial year 2004 to comply fully with the code, or as the case may be, we include a proper explanation for deviations from the provisions of the new code. In this respect, this chapter and the other chapters of this annual report should be read together in order 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 2004 the Management Board consisted of only one member: Dick Raman (CEO & President). 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. In due course and in line with the expansion of the Company, the Management Board will be expanded as well. For the next financial year however this is not foreseen. When other board members are appointed in the future, their contract will be for a maximum period of four years.

The Management Board has taken strong measures in 2004 to make sure the internal risk management and control systems are adequate and 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 has implemented a new internal system called My-TIE and has aligned internal business processes accordingly. The system gives the Management Board complete visibility on all transactions that have taken place anywhere within the Company. It also provides for strong procedures to control purchasing, order fulfillment and support and provides detailed reports on revenue and costs. For all TIE employees world wide it provides information on policies and procedures, customers and prospects, human resources, assets, documentation and pricing of products and services and it is the platform to collaborate with other employees and resellers. The system has been outsourced in order to ensure 24/7 global availability and to free up internal resources.

The Workers' 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.

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, the options 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 currently receive severance pay of three months salary for every year of service, with a maximum of four years salary. New board members will be offered a severance package based on a total compensation equal to three months salary for each year served on the board, with a maximum of one year's 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 not changed from the previous year and remained at EUR 214K. His remuneration consists of a salary of EUR 150K and EUR 64K in pension, car and other costs. At the last general meeting of shareholders, the proposal was that he be granted a bonus of 25% of his remuneration when the Company reaches its target of a positive net result for the financial year 2004. This objective was reached; therefore he will be paid the bonus. The remuneration of the Supervisory Board Chairman remained at EUR 20K and for the two members at EUR 10K per member per year.

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 vested interests. The board comprises three members, each with experience in different fields, thus covering the areas of finance, legal and eBusiness. Further details are to be found in the Report of the Supervisory Board included with this annual report.

Since the Supervisory Board comprises 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, including one where the Management Board was not present.

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

The shareholders and general meeting of shareholders

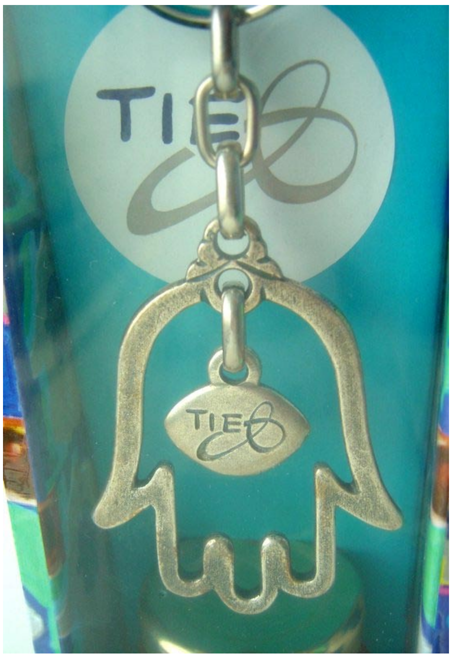
Good corporate governance requires the fully-fledged participation of shareholders in the decision-making in the general meeting of shareholders. It is in the interest of the Company that as many shareholders as possible take part in the decision-making in the general meeting of shareholders. In order to increase the participation of the shareholders, the Company is issuing press releases regularly and maintains a mailing list of interested shareholders. The Company has investigated possibilities to vote and to allow shareholders to attend meetings through the Internet. It will report these to the shareholders at the next general meeting and it will make recommendations.

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 2005, 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 part of the re-launch of the corporate website www.TIEglobal.com, which is foreseen in the second quarter of 2005.

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.

Report from the Management Board

In November 2004, we announced the completion of the reorganization. We had parted with some of our staff in the Netherlands and in the US and brought costs in line with the revenues we felt achievable in our chosen market. We took a pessimistic view on the potential for market growth, which indeed did not start to come through until after the year had ended.

Given the continuing difficult market circumstances, we focused our attention internally and embarked on a series of projects to optimize our internal processes, finalize our product offerings and polish up our house style and marketing collateral. We spent considerable time on training our staff on new products and on harmonizing procedures between our offices in the US and NL .We accessed the capital markets throughout the year in order to raise capital to repay debts and invest in our future. Given the relatively low share price, we had to issue a relatively high number of shares, thereby diluting our existing shareholders. However, these measures enabled us to settle EUR 5m in long-term and EUR 3m in short-term debts.

Our financial situation also required us to sell one of our subsidiaries. However, we were pleased with the sale of TIE Belgium, because it will continue to operate under its current name and will continue to be the exclusive reseller for TIE software in Belgium and Luxembourg. 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. It also means that TIE Belgium will contribute to the revenue of TIE in 2004 and subsequent years.

In March 2005 we announced the transfer to Mr. G. Tóth of the loan of EUR 2.5 million that was outstanding with Delta Lloyd Bank. This debt was then converted into 5 million ordinary shares in TIE Holding NV. Mr. G. Tóth is CEO of De Vries Robbé Groep NV ("DVRG"), but acted in his personal capacity. Shortly thereafter, these shares were transferred to DVRG. This underpinned the strategic alliance between DVRG and TIE that resulted in a joint venture called "TIE Hungary KFT" to market TIE's B2B Integration Software & Services in Hungary and Eastern Europe. Both companies believe there are many opportunities in this market, which was expanded when a number of Eastern European countries joined the European Union.

In the summer of 2004 TIE was the first company in continental Europe to issue its quarterly results in eXtensible Business Reporting Language (XBRL). In order to capture the existing market potential TIE has launched a new product line for XBRL, a language for the electronic communication of business and financial data, which is set to revolutionize business reporting around the world. XBRL provides major benefits in the preparation, analysis and communication of financial reports. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data.

When XBRL is used based on IFRS, it produces electronic reports that can be imported in financial analysis tools, where the results of different companies are comparable. This offers a major benefit for Financial Analysts, Banks, Credit Institutions, Infomediaries, Stock Exchanges and Regulators. The Dutch government announced in June 2004, that XBRL will be used to enable companies to save 25% of the cost involved in the reporting of taxes and statistics to the government. TIE will have to comply with IFRS starting next year, because we are a publicly traded company. We have chosen to be our own showcase for XBRL and given our experience in eBusiness Standardization, we feel we can provide valuable help for customers that want to implement XBRL.

XBRL has a relatively short history and was propelled into the mainstream by the new focus on Corporate Governance. However few organizations are aware of the extensive possibilities to streamline their Financial Reporting supply chain. For most companies IFRS is seen today as a burden. Implementing IFRS at the subsidiary level and using XBRL for reporting to the corporate headquarters, the consolidation system can be streamlined and benefits can be achieved from reduced administrative efforts, increased control and better risk management.

During the summer of 2004 we also announced that the Uniform Code Council, Inc (UCC), leaders in facilitating efficient international business, has certified TIE as UCC-compliant for UCCnet Services users.

The UCC Solution Partner Program increases awareness, adoption, and implementation of EAN.UCC System standards by facilitating a partnership between the UCC and solution providers to produce standards-compliant, "off-the-shelf" implementation solutions for the expanding UCC community. Companies who use UCC-certified products and services will be able to minimize implementation costs and maximize supply chain cost-savings. Products and services that have achieved UCC-certified status are marked with a UCC Solution Partner seal showing their designated certification.

The TIE Data Synchronization Suite is a versatile product for Product Information Management (PIM), workflow and data transformation and information exchange between different organizations. For US customers, this Suite will be used to distribute product information to UCCnet Services. TIE has seen increased momentum in the adoption of its UCCnet Services offerings and plans to certify for other data pools such as Transora and WWRE.

Throughout the year we announced several customer successes. We implemented solutions for Nijland, FERM, OPG and Sodexho and signed reseller agreements with Watermark, eSupplylink and RCM. At the end of the year we announced the purchase of a controlling interest in TIE France SAS. TIE Holding NV will increase its existing 30% stake in TIE France to 51%. The remaining shares will be purchased by the TIE International Director who is to run TIE France**.**

In September 2004 Dick Raman, CEO & President of TIE Holding N.V. was elected Chairman by the meeting of experts of the United Nations body for Trade Facilitation and Electronic Business (UN/CEFACT), which is responsible for Global standards like UN/EDIFACT and ebXML. The election took place during the meeting of the Forum, which was held in Washington DC. The UN/CEFACT Forum consists of five Permanent UN Groups that cover different aspects of Global eBusiness standardization and trade facilitation. Hundreds of experts are working throughout the year to produce practical implementation standards that have saved businesses and governments billions of dollars through efficient trading. It has developed and promoted many tools for the facilitation of global business processes as well as the development and implementation of global standards and specifications for electronic business. UN/CEFACT produces global standards that are endorsed by ISO. We were honored by this appointment, since it not only signifies recognition for the work TIE has done for Global B2Bi Standardization over the years, but it also opens doors for TIE that might otherwise remain closed. It is also an assurance to our customers that TIE is current with the latest developments.

Outlook

Market circumstances are improving in the B2B Integration software and services area. For the next financial year TIE expects market circumstances to steadily improve. Nevertheless, TIE foresees 'significant' autonomous growth (12-20%), based on the demand for its new products, new activities in the USA in the area of Global Data Synchronization, opening new markets in Eastern Europe and the new activities with XBRL in the financial sector in Europe. Strategically, TIE continues to see consolidation opportunities in The Netherlands and in Europe.

We are seeing the new order pipeline strengthen whilst TIE's new products are well received by existing and new customers. The important players in the worldwide retail market have taken serious steps to cut costs by improving the quality and exchange of product information. The result is a strong demand for Data Synchronization tools. TIE has an integrated solution for PIM (Product Information Management), Workflow and messaging, that is considered 'Best of Breed' by experts in the field. TIE will aggressively position itself in this market, especially in the USA, in order to attain a sizeable market share.

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 2003 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 turn-around. A major reorganization was undertaken at year end 2003. As a consequence operating expenses including depreciation decreased with more then 60% in 2004, as compared with 2003. Excluding the reorganization costs the standard operating expenses also showed a decrease. The revenue was impacted by the sale of TIE Belgium NV/SA in the beginning of the financial year.

All amounts are in EURx1000 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:

	2004	2003
Net revenue	7,635	10,792
Operating expenses, including depreciation	6,228	19,059
Amortization of goodwill	1,180	4,359
Net result	580	(13,717)

Contrary to preceding years the Company reported a net positive result, constituting the first positive annual result since the IPO in March 2000. Lower operating expenses as well as reduced depreciation and amortization costs are the major contributors to this turn around. The Company realized a negative cash flow from operations in 2004 of EUR 2.3m entirely due to the redemption of current liabilities with EUR 2.4m. During 2004, the Company was able to improve its negative equity by EUR 7.3m thanks to retained earnings, net proceeds from the placement of new shares and the conversion of EUR 2.5m debt into a convertible bond for 5m shares. Cash from new financing enabled, long term debts to be reduced to zero. This will ensure further reduction of interest expenses next year. The total cash flow was negative EUR 0.3m, and liquid funds at year end amounted to EUR 0.7m. Based upon its current year operating plan the Company believes it has adequate cash and investment balances to fund its operations in the next financial year. In October 2004 the Company announced that it will increase its equity stake in TIE France to a majority.

Net revenues decreased during the year to EUR 7.6m reflecting the impact of the sale of TIE Belgium in November 2003 and the weakened US dollar. The reorganization executed last year reduced expenses by 63% which reflects a greater reduction than the fall in revenues and the main reason for the positive result.

Headcount reductions were the major driver of the lower expense levels as the majority of the expenses in the Company are directly linked to personnel. Substantial 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. The commitment to R&D will help maintain TIE's leadership in the B2B integration market.

Net Revenue

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

Net Revenue by category

	2004		2003	
License Revenue	2,143	28%	2,890	27%
Consultancy Revenue	1,756	23%	2,991	28%
Maintenance and Services Revenue	3,736	49%	4,911	45%
Other				
Total Net Revenue	7,635	100%	10,792	100%

The decrease of net revenue is caused by the sale of TIE Belgium EUR 1.1m, a negative exchange impact on the US dollar of EUR 0.5m (2003: EUR 1.1m) and lower consultancy revenues, mainly in the US. This was a consequence of headcount reductions last year, as announced in last year's annual report. The slightly recovering economic circumstances did not stimulate companies to invest in IT structures, especially in the USA.

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Net Revenue by region

	2004		2003	
The Netherlands	2,331	30%	2,610	24%
Rest of Europe	1,031	14%	1,774	16%
United States of America	4,135	54%	6,026	56%
Rest of the World	138	2%	382	4%
Total Net Revenue	7,635	100%	10,792	100%

Total net revenues decreased year-on-year by 29%, mainly in the US, with a 32% decline, including an exchange rate impact of EUR 0.5m or 8%. The sale of TIE Belgium in November 2003 is partly compensated by TIE Belgium itself now acting as reseller. Other resellers in Europe suffered from the difficult market circumstances. A new activity in Eastern Europe was started with the establishment of TIE Hungary KFT, which acts as a reseller for TIE.

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

	2004		2003	
Personnel Expenses	4,332	76%	7,867	50%
All Other Operating Expenses	1,336	24%	7,730	50%
Total Operating Expenses	5,668	100%	15,597	100%

The operating expenses decreased with EUR 6.1m or 39% as a result of the reorganization executed last year. Including the reorganization costs taken last year the total reduction was EUR 9.9m. Reduced headcount, the sale of TIE Belgium eliminating EUR 0.9m and lower accommodation costs are the main reason for the lower operating expenses.

The expenses for Research & Development are an integral part of operating expenses. Using the funds generated by the IPO, the Company developed a new product suite for its core B2B integration activity. At the end of 2003 these new products, based on the latest technology, were available to the market. In following years improvements and extensions to these new products are still foreseen. Also the Company developed a new Global Data Synchronization Suite. This is a set of products that is designed to help companies to exchange product information, which is a prerequisite to B2B integration. This product suite has been introduced in the US market, where demand for these solutions is mounting. During the 2004 financial year, the Company adapted its products for XBRL, the new financial reporting standard.

It is TIE's accounting policy to expense research activities and to capitalize development activities. The majority part of the Research & Development expenses is therefore taken as costs. In the year 2004 an amount of EUR 0.3m was capitalized (previous year EUR 0.6m), this only relates to investments in the core B2B integration products. At the same time EUR 0.3m was amortized during the year.

Depreciation and Amortization

Based on this year's impairment testing no additional charges were deemed necessary on the tangible and intangible fixed assets. The extra costs for additional depreciation and impairment charges over last year amounted to EUR 3.7m.

	2004	2003
Depreciation and amortization		
Fixed Assets	560	3,463
Amortization Goodwill	1,180	4,359
Total Depreciation & Amortization	1,740	7,822

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 0.3m in total, (2003, including impairments, EUR 1.7m). The goodwill relates to the acquisitions made in 2000 and are amortized over a period of five years. Amortizations costs of Goodwill decreased due to the sale of TIE Belgium and an impairment charge in 2003. The amortization will be reduced to zero in the second half of the 2005 financial year.

Financial Results

	2004	2003
Total interest expense	199	376

Interest expenses this year were reduced by 47% compared to last year as a result of the pre-payment of the outstanding Berkshire 8% loan for smaller part through a deposit placed by CSD on behalf of TIE, and the repayment of the Delta Lloyd 4.75% credit facility, which was replaced by a convertible Bond for 5m ordinary shares of EUR 0.50 or a total of EUR 2.5m.

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 losses that can be carried forward. Management has considered the Company's history of losses and concluded that it is likely that the Company will only partially realize the full benefits of these net operating losses carry forwards in the near future.

Accordingly, the Company recorded a valuation allowance equal to 100% of the net deferred tax asset balance on carry forward losses as at September 30, 2004 and 2003.

TIE Commerce carries a timing variance as the result of the difference in amortization from a commercial (5 year) vs a fiscal point of view (15 years). Since results are improving, this variance has been activated for the first time as a deferred tax asset.

Cash Position

As of September 30, 2004 the Company had cash and cash equivalents of EUR 0.7m. In 2004, the cash flow used in the Company's operating activities was EUR 2.3m negative, mainly because of the payment of short term liabilities. Investments used EUR 0.6m, in Intangible fixed assets (Development costs) and tangible assets (purchased 3rd party software and development) minus disinvestments of EUR 0.3m caused by the sale of TIE Belgium. Financing activities generated EUR 1.4m plus EUR 0.3m in transit per 30 September 2004, so the available cash funds of the Company decreased with EUR 0.3m.

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 2004, the Company capitalized EUR 0.3m for the development of its products. The current book value of total capitalized products amounted to EUR 0.5m at year end. The capitalization relates to TIE's main new products such as TIE Messaging Center and Messaging Portal.

Technological feasibility for these products was established.

Personnel

Staffing levels decreased from an average number of Full Time Equivalents (FTE) in 2003 of 128 staff to an average of 80 in 2004. This decrease is the result of the reorganization executed last year, the sale of TIE Belgium, our continued focus on efficiency and operating cost levels and the objective 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 FTEs employed by the Company in the financial year is as follows:

Subsidiary	**R&D**	**Sales & Marketing**	**Consulting & Support**	**General & Admin.**	**Total**	**%**
TIE Holding				1	1	1%
Facility and catering				10	10	13%
TIE Nederland	8	6	13	5	32	41%
Total Netherlands	**8**	**6**	**13**	**16**	**43**	**55%**
TIE Belgium				1	1	1%
Total Europe	**8**	**6**	**13**	**17**	**44**	**56%**
TIE Commerce (USA)	5	6	16	9	36	44%
Grand Total	**13**	**12**	**29**	**26**	**80**	**100%**
%	**16%**	**15%**	**36%**	**33%**	**100%**	

At year-end, the Company employed 79 FTEs, compared to 108 FTEs in the previous year.

Worker's Council (Ondernemingsraad)

In October 1999 the Company instituted a Worker's 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 bi-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 between the Worker's Council and the Chairman of the Supervisory Board take place at least twice a year.

Elections for the Worker's 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 Worker's Council members left the company. The Worker's Council has decided not to replace them, in view of the limited size of TIE in The Netherlands (less than 50 FTE). The Worker's Council now consists of 3 members.

The personnel and the Management Board support this decision.

Amsterdam (Schiphol-Rijk), February 1, 2005

The Management Board,

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TIE Holding NV

FINANCIAL STATEMENTS

for

the financial year 2004

October 1, 2003 - September 30, 2004

Financial statements

Consolidated balance sheet at September 30, 2004

(Before proposed appropriation of results)

Assets

(EUR x 1,000)	September 30, 2004		September 30, 2003	
Fixed assets				
Intangible fixed assets				
Goodwill	626		2,104	
Other intangible fixed assets	446		424	
		1,072		2,528
Tangible fixed assets				
Fixtures and fittings	243		448	
Hardware and software	287		93	
Vehicles	-		30	
		530		571
Financial fixed assets				
Deferred Taxes	670			
Participating interests	4		2	
		674		2
Total fixed assets		2,276		3,101
Current assets				
Debtors				
Trade debtors	855		1,248	
Social security prepaid	26		-	
Other receivables and prepayments	187		296	
		1,068		1,544
Cash and cash equivalents		654		982
Total current assets		1,722		2,526
Total assets		**3,998**		**5,627**

Liabilities and stockholder's equity

(EUR x 1,000)		September 30, 2004		September 30, 2003
Stockholders' equity		(1,170)		(8,476)
Long-term liabilities				
Credit institutions		-		3,465
Provisions		1,730		3,165
Current liabilities				
Convertible Bond	23		-	
Credit institutions and banks	1		139	
Trade creditors	377		912	
Deferred revenue	1,578		1,789	
Affiliated companies	168		4	
Taxation and social security Contributions	422		1,445	
Current Installments of loans	-		1,350	
Other payables and accruals	869		1,834	
Total Current Liabilities		3,438		7,473
Total Liabilities		**3,998**		**5,627**

Consolidated Profit and Loss Account

(EUR x 1,000)	October 1, 2003 to September 30, 2004		October 1, 2002 to September 30,2003	
Net turnover	7,635		10,792	
Cost of sales	661		691	
Gross result		6,974		10,101
Selling & marketing expenses	1,315		2,542	
General, development and administrative expenses	4,913		16,517	
Amortization goodwill	1,180		4,359	
Total expenses		(7,408)		(23,418)
Dividend Received		34		-
Book profit		509		-
Financial expense		(199)		(376)
Result on ordinary activities (before taxation)		(90)		(13,693)
Corporate income tax		670		24
Net Result		**580**		**(13,717)**
Net result per share – basic		EUR 0,02		EUR (0.78)
Weighted average shares outstanding - basic		22,651		17,501
Net result per share – diluted		EUR 0,02		EUR 0,62
Weighted average share diluted		25,620		22,231

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, 2003 to September 30, 2004		October 1, 2002 to September 30,2003
Result on ordinary activities (before taxation)		(90)		(13,693)
Depreciation and amortization		1,740		7,822
Devaluation financial fixed assets		-		20
(Increase) decrease in debtors	476		700	
(Decrease) increase in current liabilities	(2,451)		968	
		(1,975)		1,668
		(325)		(4,183)
Increase (decrease) provision reorganization costs	(1,424)		3,165	
Book profit TIE Belgium	(509)		-	
Taxes	-		(24)	
		(1,933)		3,141
Cash flow used in operating activities		(2,258)		(1,042)
Disinvestments (Investments) in subsidiaries	(2)		-	
Additions to intangible fixed assets	(318)		(583)	
Additions to tangible fixed assets	(281)		(71)	
Disposals of fixed assets TIE Belgium	297		-	
Book profit TIE Belgium	509		-	
Cash flow provided by investing activities		205		(654)
Increase (decrease) in long-term liabilities	(3,465)		(1,058)	
Increase (decrease) bank overdrafts/loans short term	(1,487)		1,394	
Convertible Bonds	3,087		456	
Costs of shares and Bonds issued	(31)		(137)	
Shares issued and share premium	3,316		1,374	
Cash flow provided by financing activities		1,420		2,029
Total Cash Flow		(633)		333
Cash in transit per Sept 30 in relation to Conv. Bonds	329		266	
Exchange fluctuations in cash and bank balances	(24)		(58)	
		305		208
Change in cash and cash equivalents		(328)		541

Cash flow used in operating activities is EUR 2.3m negative. The positive impact in results after depreciation/amortization in 2004 has been eliminated through the redemption of short term liabilities. The company capitalized EUR 0.3m for new developed products compared to EUR 0.6m last year, which explains the decrease in cash flow used by investing activities.

The existing credit facilities per October 1, 2003 are paid off this year for the major part, through the placements of convertible bonds for an amount of EUR 3.1m and the issuance of new shares for an amount of EUR 3.6m of which received on balance sheet date EUR 3.3m. Total net amount generated through financing activities EUR 2.0m plus EUR 0.3m in transit per September 30, 2004, which amount has been received on October 4, 2004.

Presentation of comprehensive income

(EUR x 1,000)	**October 1, 2003 to September 30, 2004**	**October 1, 2002 to September 30, 2003**
Net result	580	(13,717)
Valuation differences foreign entities	25	(527)
Comprehensive income	605	(14,244)

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.

All amounts are in EURx1000 unless otherwise stated.

Basis of Presentation

The financial year 2004 was the fourth full year for TIE Holding N.V. as a publicly listed company, as the Company went public in March 2000. After a very turbulent phase in the first three years the management of TIE focused on streamlining the organization during 2004, introducing new products world wide, repaying debts and improving reported negative equity. Although economic and market circumstances did not improve significantly, the Company was able to realize the objectives it set last year. The Company raised additional capital during the financial year 2004 to be able to repay all long-term debts and improve its equity position.

The Company realized a net profit for the first time since the IPO thus demonstrating a significant improvement as compared with the results in previous years. The net profit was achieved as a result of the reorganization executed last year. The cash flow from operations in the financial year 2004 was negative, mainly caused through the pay off of its current liabilities incurred in the previous year. Excluding this element, cash flow would have been positive. To be able to repay long and short term debts and create a much better solvency position the Company issued new shares and placed new convertible bonds for a total amount of EUR 6.7m. As of September 30, 2004 the Company had an accumulated deficit of EUR 49m and a working capital deficiency of EUR 1.7m. Based upon its current year operating plan, the Company expects to improve results further and in combination with new equity placements after September 30, 2004, the Company expects to improve reported negative shareholder’s equity to report a positive position during the year 2005. Based upon the same plans the Company also believes that it will have adequate cash and investment balances to fund its operations. There can be no absolute assurances, 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. 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. 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 2004 ran at a much lower normal cost when compared with 2003. This strategy will be continued next year and in combination with the reduced debt 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%
TIE Commerce Inc.	Burlington, United States of America	100%
Gordian Investments BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%

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

TIE Belgium has been sold during November 2003 and is included in the consolidated numbers for one month until October 31, 2003.

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.

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

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. Impairment tests are based on the expected cash flows for the next five years discounted at current market rates and a risk surcharge, resulting into a total discount factor of 15% in 2004 (2003:15%).

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.

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. Impairment tests are based on the expected cash flows for the next five years discounted at current market rates and a risk surcharge, resulting into a total discount factor of 15% in 2004 (2003:15%).

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 an impairment is taken when deemed necessary.

Financial Fixed Assets

Minority participations are stated at net asset value of the participating interests at the balance sheet date. Participations are stated at costs when there is no sufficient current financial information and the size of the company is deemed immaterial.

Deferred Tax Assets

Deferred tax assets consists of timing difference and losses carried forward and are valued based on expected positive fiscal results. The timing difference relates to a longer period of amortization for tax purposes on goodwill in the US. For fiscal purposes goodwill is amortized over 15 years, while commercially goodwill is amortized over a 5 year period. For tax purposes impairment charges are also not taken into account.

In prior years TIE did not value its deferred tax assets due to uncertainties in the near future. As circumstances have improved and are still improving for TIE, these uncertainties have decreased and the deferred tax asset has been partially valued at year end. The valuation of the deferred tax asset is based on current tax rates net of a valuation allowance.

The deferred tax asset is valued at its nominal value. The corporate income tax rate in the US amounts to 40%, while in the Netherlands corporate income taxes rates amount from 31,5% in 2005 to 30% as from 2007.

Due to these developments a deferred tax asset was taken in 2004 of EUR 670K and therefore influenced net profit positively for the same amount.

At the end of each quarter the valuation of this financial fixed asset will be reviewed.

Debtors

Debtors are stated net of a provision for doubtful debts.

Convertible Bonds

Convertible Bonds issued and not yet converted is included in the Equity amount for that part on which the Company does not have a financial obligation in cash and where the conversion will take place at the discretion of the Company itself at a fixed conversion rate.

The discounted value of related future cash obligations is reported under short term liabilities.

Other Assets and Liabilities

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

Provisions

The provision for rentals is based on the discounted rental commitments on office space out of use in both the Netherlands as well as the USA (Loss making contracts), with a discount rate of 4.75% (2003: 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.

Pensions

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

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 Earnings 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.

Notes to the consolidated balance sheet

Intangible Fixed Assets

Goodwill

	September 30, 2004
Accumulated investments 1 October 2003	17,490
Accumulated amortization 1 October 2003	(15,386)
Net book value at October 1 2003	2,104
Translation adjustment	(56)
Deconsolidation TIE Belgium	(242)
Amortization	(1,180)
Net book value at September 30, 2004	626
Accumulated investments 30 September 2004	15,536
Accumulated amortization 30 September 2004	(14,910)
Net book value at September 30, 2004	626
Depreciation period	5 years

The result of the impairment testing in financial year 2004 on the value of the goodwill has not led the Company to additional amortization charges during 2004.

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

The amortization on goodwill is based upon a life of 5 years. The average remaining lifetime is 5 months (2003: 17 months)

Other intangible fixed assets

Software development costs

	September 30, 2004
Accumulated investments 1 October 2003	793
Accumulated amortization 1 October 2003	(369)
Net book value at October 1, 2003	424
Additions	318
Amortization	(296)
Net book value at September 30, 2004	446
Accumulated investments 30 September 2004	1,111
Accumulated amortization 30 September 2004	(665)
Net book value at September 30, 2004	446
Depreciation period	3 years

Development costs for new products are capitalized when technological feasibility is established. Additions during 2004 reflect the capitalization of (internal) development costs in new products that have been completed or enhanced during the year. Impairment tests on the book value of these products did not result into incremental amortization charges in financial year 2004. The average remaining life- time is 15 months (2003: 19 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.

The book value per 30 September 2004 reflects the products "TIE Messaging Portal" and 'TIE Messaging Center', the platform for a DBC supporting messaging, all communication protocols and format conversions.

A legal reserve has been formed equal to the book value per September 30, 2004.

Tangible fixed assets

Movements in the financial year were as follows:

	Fixtures and Fittings	**Hardware and Software**	**Vehicles**	**Total**
Accumulated investment per 1 October 2003	3,242	3,015	43	6,300
Accumulated depreciation per 1 October 2003	(2,794)	(2,922)	(13)	(5,729)
Net book value at October 1, 2003	448	93	30	571
Additions	6	275	-	281
Translation adjustments	(1)	(2)	-	(3)
Sub total	453	366	30	849
Depreciation charge for 2004	(201)	(61)	(2)	(264)
Deconsolidation TIE Belgium	(9)	(18)	(28)	(55)
Net book value per September 30, 2004	243	287	0	530
Accumulated investments per 30 September 2004	2,989	1,539	-	4,528
Accumulated depreciation per 30 September 2004	(2,746)	(1,252)	-	(3,998)
Net book value per September 30, 2004	243	287	0	530
Depreciation periods	4-10 years	2-3 years	3 years	

Contrary to the year 2003 it was not deemed necessary to take impairment losses on tangible fixed assets.

Financial fixed assets

Financial fixed assets relate to deferred tax and participating interests.

Deferred Tax Assets

As per September 2004 TIE recognized a deferred tax asset for an amount of EUR 670K. EUR 270K of this amount has a term shorter than one year. This tax asset only relates to timing differences with regard to goodwill for corporate income tax in the US, as goodwill is depreciated in fifteen years for tax purposes (commercial: 5 years). The remaining period for this timing difference is 10.5 years (2003: 11.5 years). The remaining timing difference amounts to EUR 8m taxable income, which means a gross deferred tax asset of EUR 3m. As the Company at this moment, expects not to realize this asset in full, the valuation allowance is set at EUR 2.3m. The tax rate on which the deferred tax asset is calculated amounts to 40%.

At September 30, 2004, the Company had a net operating loss carry forward for Netherlands corporate income tax purposes of approximately EUR 29m, which may be used to offset future taxable income, which does not expire. The gross amount of this tax asset amounts to EUR 9m.

The foreign net operating loss carry forwards amounted to approximately EUR 2m. The gross amount of this tax asset amounts to EUR 1m. These foreign net operating losses predominantly do not expire for the next 17 years on average (2003: 18 years).

With respect to the available loss carry forward position Management of the Company has evaluated the positive and negative evidence with respect to the possibility of realizing its deferred tax assets. Management has considered the Company's history of losses and recent developments where the Company now shows a positive net result which it plans to retain in the future. The Company concluded that it is likely that the Company will partly realize benefits of the timing differences in the near future. However, the Company recorded a valuation allowance equal to 100% for losses carried forward as at September 30, 2004, similar to last year. Per the end of each period the valuation of this financial fixed asset will be reviewed.

Participating Interests

The movement can be broken down as follows:

Investments in participations	**September 30, 2004**	**September 30, 2003**
Net book value at beginning of period	2	22
Devaluation of participating interests	-	(20)
Acquisitions of participating interest	2	-
Net book value at September 30, 2004	4	2

In December 2001, the Company acquired 18% of the share capital in RetailConnect B.V. (Netherlands) 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 has been depreciated in 2003 to nil because of the results and equity position. There is now a positive outlook for RetailConnect but at this year end the equity is still expected to be negative.

In March 2004 the Company started a strategic alliance to exploit the market in Eastern Europe through TIE Hungary in which it participated for 20%, this participation is stated at costs.

The results of the participations are not included since they are immaterial given the size of these companies.

As a result the 30 % participation in TIE France provided a dividend payable to TIE Holding amounting to EUR 34K. This receivable is reported in the Balance Sheet under affiliated companies and included under 'Income from subsidiaries' in the consolidated Profit and Loss Statement.

The accumulated depreciation per 30 September 2004 amounts to EUR 79K similar to 2003.

Other receivables and prepayments

	September 30, 2004	**September 30, 2003**
Other receivables	31	60
Employees	3	3
Prepayments	153	233
Total	187	296

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.

Long-Term Liabilities

	September 30, 2004	September 30, 2003
Beginning of year	3,465	4,500
Additions, Berkshire Investments	-	300
Move to short term	-	(1,350)
Transfer to convertible bonds	(2.500)	-
Redemption	(965)	-
Other	-	15
Total	0	3,465

The interest rate on the medium-term facility with Delta Lloyd of EUR 2.5m 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. TIE pledged 100% of the shares of TIE Nederland B.V. and TIE Commerce Inc. as collateral for the facility. Per March 1, 2004 this facility has been settled. As part of this transaction Delta Lloyd bank received 500.000 options on ordinary shares TIE Holding, at an exercise price of EUR 0.50. These options expire on February 27, 2009.

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 2.5m in January 2003. The total outstanding amount under the facility amounted to EUR 2.3m. The interest rate on this facility agreement was set at 8%. 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 6m ordinary shares at an exercise price of EUR 0.50. The options expire on October 2007 and December 2007. This facility has been paid back in full through the sale of TIE Belgium in November 2003 and a number of bank remittances made by TIE Holding and a deposit funded by CSD Nederland BV during July 2004 amounting to EUR 330k.

The factoring agreement with Silicon Valley Bank in the US is still in force per year-end, although no amount was drawn during 2004.

The Company has a note payable in the USA amounting to EUR 1k, reported under short term liabilities, at 6% interest.

Provisions

	September 30, 2004	September 30, 2003
Opening Balance	3,165	-
Additions	-	3,165
Exchange difference	(19)	-
Reversal for the year	(490)	-
Additional reversal	(926)	-
Total	1,730	3,165

The company provided a provision for rentals at the end of fiscal 2003 on the remaining lifetime of the rent contract for those square meters that were 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. During the summer and autumn of 2004 sub rental agreements were closed with other companies in the Netherlands. For that reason an additional reversal was taken on this provision amounting to EUR 0.9 m, reported under 'General, development and administrative expenses'. The reversal for the year amounting to EUR 0.5m has been credited against rental cost included in 'General, development and administrative expenses'. Per September 30, 2004 the provision taken in the Netherlands for a remaining time of 6 years (2003: 7 years) and in the USA for a remaining time of 2 years (2003: 3 years) minus expected sub rental income and discounted at a rate of 4.75% (2003: 4.75%) amounts to EUR 1.6m. An amount of EUR 0.4m will be reversed within one year.

Current liabilities

Convertible Bond

This amount reflects the equivalent of the discounted value of future interest payments on convertible Bonds in cash and is as such not considered as Equity.

Credit Institutions and Banks

This reflects the short term part of the Bank of America note in the USA amounting to EUR 1K.

Deferred revenue

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

Taxation and social security contribution

(EUR x 1,000)	September 30, 2004	September 30, 2003
Payroll tax	53	559
Social security contributions	-	90
Pensions	152	245
VAT/Sales tax US	217	551
Total	422	1,445

All income tax returns due till 2003 and previous years are filed in both the Netherlands and the USA. In the past TIE Commerce has collected sales tax from its customer related to sales in states, where it does not have a presence for sales tax purposes. It has refunded all customers for the amounts due. The company formed an accrual of EUR 0.2m in 2003 for possible penalties.

Other payables and Accruals

	September 30, 2004	September 30, 2003
Reorganization costs	-	464
Supervisory Board	40	40
Accrued expenses and debts employees	323	373
Accrued expenses Board of Directors	54	-
Interest	18	146
Other accruals and payables	434	811
Total	869	1,834

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	**September 30, 2004**	**September 30, 2003**
Floating interest rate (4.75%)	-	2,500
Fixed rate 8%	-	2,300
Other at variable interest rates	-	15
Total	-	4,815

Repayment

October 2003 to September 2004	-	1,365
October 2004 to September 2007	-	3,450
Total	-	4,815

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.

Notes to the consolidated Profit and Loss account

	October 1, 2003 to September 30, 2004	October 1, 2002 to September 30, 2003
Net Turnover		
Licenses	2,143	2,890
Consultancy	1,756	2,991
Service and maintenance	3,736	4,911
Total	7,635	10,792
Personnel expenses		
Salaries	3,655	7,058
Salaries variable part	144	-
Social security charges	392	643
Pension premiums	141	166
Total	4,332	7,867
Financial expense		
Bank interest and charges	1	2
Interest Long term loans/bond	187	322
Exchange results	5	4
Other loans	6	48
Total	199	376

Depreciation and Amortization

	2004	2003
Depreciation and amortization Fixed Assets, excluding goodwill	560	1,465
Extra depreciation costs tangible assets	-	700
Change in estimation of life time tangible assets	-	205
Impairment intangible fixed assets	-	1,093
Amortization goodwill	1,180	2,653
Impairment goodwill	-	1,706
Total Depreciation and Amortization	1,740	7,822

Depreciation charges relate mainly to the fixed assets of the Company offices and the amortization on intangible fixed assets for an amount of EUR 0.3m (2003: EUR 0.6m).

Depreciation on intangible fixed assets relates to capitalized development costs.

Extra depreciation costs on tangible assets were taken in 2003 on office locations and equipment which is no longer in use, mainly as a result of the reduced headcount.

The impairment on intangible assets in 2003 was 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.

The impairment on goodwill in 2003 relates to the US based operations.

Corporate income tax

The corporate income tax on ordinary activities is computed as follows:

	taxable income	income tax charge	effective tax rate
Result on ordinary activities before tax	(90)	-	-
Taxable income other units (outside Netherlands fiscal unity)	(533)	(213)	40%
Differences commercial and taxable income (Netherlands fiscal unity)	(113)	-	-
Taxable income Netherlands fiscal unity	330	-	0%
Prior year tax adjustment		(457)	-
Income tax charge	(633)	(670)	105.8%

The prior year adjustment relates to the partial valuation of the timing difference in the US in 2004. This explains the high effective tax rate of 105.8%, while the normal tax rate is 34.5 (Netherlands) to 40% (US).

The effective tax rate for taxable income in The Netherlands is nil due to compensation of taxable profits with tax losses carried forward that have not been valued up to and including this year.

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 (primary segment)

Geographic information concerning the Company's operations can be summarized as follows:

	October 1, 2003 to September 30, 2004	October 1, 2002 to September 30, 2003
Net revenue		
The Netherlands	2,331	2,610
Rest of Europe	1,031	1,774
United States of America	4,135	6,026
Rest of the World	138	382
Total	7,635	10,792
Total costs/Net of other income (including depreciation and amortization)		
The Netherlands	3,092	13,654
Rest of Europe	98	1,143
United States of America	4,535	9,692
Rest of the World	-	22
Total	7,725	24,511

	October 1, 2003 to September 30, 2004	October 1, 2002 to September 30, 2003
Net Results		
The Netherlands	(761)	(11,044)
Rest of Europe	934	632
United States of America	270	(3,665)
Rest of the World	138	360
Total	580	(13,717)
Total assets		
The Netherlands	3,644	4,943
Rest of Europe	-	576
United States of America	1,707	2,144
Rest of the World	-	-
Elimination	(1,353)	(2,036)
Total	3,998	5,627
Total liabilities		
The Netherlands	13,814	23,320
Rest of Europe	-	760
United States of America	8,188	9,149
Rest of the World	1,401	1,401
Elimination	(19,405)	(20,527)
Total	3,998	14,103
Total investments in intangible and tangible fixed assets		
The Netherlands	570	501
Rest of Europe	-	38
United States of America	29	115
Rest of the World	-	-
Total	599	654

Total costs of EUR 7.0 for the year 2004 include EUR 1.7m depreciation and amortization charges. Depreciation and amortization charges relate for EUR 0.9m to the Netherlands and for EUR 0.8m to the United States of America. In previous year, depreciation and amortization charges totaled EUR 7.8m (of which the United States of America EUR 4.4m and the Netherlands EUR 3.4m).

Income from subsidiaries has been deducted from the total costs for an amount of EUR 0.6m, completely in the Netherlands .

Also included are expenses for Research & Development for an amount of EUR 0.7m, including EUR 0.3m amortization of capitalized development costs, expenditures are made in the Netherlands EUR 0.4m and the US EUR 0.3m.

Business segment information (secondary segment)

Business segment information concerning the Company's operations can be summarized as follows:

Segment	Licenses	Maintenance	Consultancy	Total
Net Turnover	2,143	1,756	3,736	7,635
Total Assets	1,122	920	1,956	3,998
Intangible fixed Assets	301	247	524	1,072
Tangible fixed Assets	149	122	259	530

Personnel

The average number of personnel during financial year 2004 amounted to 80 compared to 128 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 29 FTE's lower than last year. The breakdown by department of headcount per year-end is as follows:

	2004	2003
Research and Development	13	18
Selling and Marketing	12	20
Consulting & Support	27	30
General and Administrative	27	40
Total	79	108

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 268K (2003: EUR 214K) and EUR 40K (2003: EUR 40K) 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 proposed by the Supervisory Board and adopted by the general shareholders meeting, and was granted in 2004.

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

Drs Th.H. Raman	2004	2003
Fixed remuneration	179	179
Pension premium	35	35
Variable part	54	-
Total	268	214

Total remuneration includes all cost of employment to the Company, including pension arrangements, lease vehicles and so on. For achieving the targets for 2004 a bonus was granted to Drs Th. H. Raman of EUR 53.5K.

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 chairman EUR 20K per year.

Contingent Liabilities

Leases

Company cars were contracted under an operating lease agreement. There is no long-term commitment in respect of these lease agreements. The monthly lease charge at September 30, 2004 amounted to EUR 14K.

Rental Agreements

Under the rental agreements concluded, the annual rental charge, including service costs for all TIE offices, is approximately EUR 1.2m (2003: EUR 1.2m). The remaining term of the lease is approximately 6 years. Rentals due within one year amounts to EUR 1.2m, rentals due between 1 and 5 years amounts to EUR 3.5m, rentals due after 5 years amounts to EUR 0.5m.

Other

Related Party Transactions

CSD

As at September 30, 2004, 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. In the past 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. In July 2004 CSD Nederland B.V. provided an amount of EUR 330K to TIE, which allowed it to repay the last part of the loan from Berkshire (including interest). For this a loan agreement was made between TIE and CSD at an interest rate of 8%, equal to the Berkshire loan. On this short term loan an interest charge of EUR 6K was included in financial expenses. This loan is presented under short term liabilities (affiliated companies).

CSD Investments B.V. acted as intermediary for the placements of Bonds in 2003 and 2004.

The total amount payable by TIE Holding N.V. to CSD Investments B.V. and CSD Nederland BV per September 30, 2004 amounted to EUR 268K (2003: -4K).

DVRG

During 2004 the Company placed Bonds with Mr. G Tóth, CEO of de Vries Robbé Groep NV, (DVRG) which carry an interest factor of 4.7% annually payable in cash for a EUR 1.0m Bond and in shares at a conversion price of EUR 0.50 for a EUR 1.5m Bond issuance. These bonds were subsequently transferred to De Vries Robbé Groep NV. The interest payments in cash are recorded through the P&L statement, the equivalent of the discounted amount of the interest installments due per September 30, 2004 is recorded under short term liabilities and thus not under equity.

During 2004 the Company also reached an agreement with DVRG on a minority interest in TIE Hungary. In March 2004 contracts were signed for delivery of software and services up to an amount of EUR 150K of which at year end an amount of EUR 60K is due.

Company Balance Sheet At September 30, 2004

(Before proposed appropriation of results)

Assets

(EUR x 1,000)	September 30, 2004	September 30, 2003
Fixed assets		
Intangible fixed assets	199	871
Tangible fixed assets	184	399
Financial fixed assets	845	1,141
Total fixed assets	1,228	2,411
Current assets		
Debtors	19	157
Cash and cash equivalents	451	596
Total current assets	470	753
Total assets	1,698	3,164

Liabilities and stockholders' equity

	September 30, 2004		September 30, 2003	
Capital and reserves				
Issued and paid-up share capital	2,832		1,914	
Share premium	40,220		37,294	
Foreign currency translation reserve	-		-	
Legal reserve	447		424	
Convertible Bonds	3,581		722	
Other reserves	(48,830)		(35,113)	
Net Result	580		(13,717)	
		(1,170)		(8,476)
Long term credit facility		-		3,450
Provisions		1,525		3,701
Convertible Bond		23		-
Short term part loans and Bank overdraft		-		1,437
Affiliated companies		242		-
Creditors		1,078		3,052
Total liabilities and stockholders' equity		1,698		3,164

Company Profit and Loss Account

	October 1, 2003 to September 30, 2004	October 1, 2002 to September 30, 2003
Result of participating interests	959	(5,768)
Loss on ordinary activities before taxation	(379)	(7,925)
Corporate income tax credit	-	(24)
Net Result	580	(13,717)

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

	September 30, 2004
Accumulated Investments 1 October 2003	7,778
Accumulated amortization 1 October 2003	(6,907)
Net book value at October 1 2003	871
Amortization	(430)
Deconsolidation TIE Belgium	(242)
Net book value at September 30 2004	199
Accumulated Investments 1 October 2004	6,392
Accumulated amortization 1 October 2004	(6,193)
Net book value at September 30 2004	199

The average remaining life of the goodwill is 0.5 years (2003: 1.5 years). Impairment testing on the outstanding amount did not result into an impairment charge. Reference is made to the notes to the consolidated financial statements with respect to the amortization charges. In November 2003 TIE Belgium has been sold to another company, the net revenues of EUR 0.9m were used to pay off long and short term debts. The book value per September 30, 2004 reflects the book value of goodwill paid for DNS, renamed to TIE Commerce.

Tangible Fixed Assets

	Fixtures And Fittings	Hardware and Software	Total
Accumulated Investments 1 October 2003	2,326	810	3,136
Accumulated depreciation 1 October 2003	(1,931)	(806)	(2,737)
Net book value at October 1, 2003	395	4	399
Additions	-	185	185
Transfer to TIE Nederland BV	(395)	-	(395)
Depreciation charge for 2004	-	(5)	(5)
Net book value at September 30, 2004	-	184	184
Accumulated investments September 30, 2004	-	240	240
Accumulated depreciation September 30, 2004	-	(56)	(56)
Net book value at September 30, 2004	-	184	184
Depreciation periods	4-10 years	2-3 years	

Investments for an amount of EUR 174K relate to purchased 3rd party software and consultancy to automate and integrate the complete sales-logistic and administrative handling

Reference is made to the notes to the consolidated financial statements. The Fixtures and Fittings are transferred to FaciliTIE, part of TIE Nederland, at book value, since they are an integrated part of the function executed by FaciliTIE. Accumulated investments and depreciations have been adjusted accordingly.

Financial Fixed Assets

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

	Subsidiary Investments	Amounts owed by Subsidiaries	Total
Net book value at October 1, 2003	829	312	1,141
Capital Increase TIE Belgium	312	(312)	-
Deconsolidation TIE Belgium	(312)	176	(136)
Investment TIE Hungary	2	-	2
Share of net result	959	-	959
Redemptions	-	(2,190)	(2,190)
Transfer to loans against deficit in equity	(1,369)	1,369	-
Transfer to provision for equity deficit, write off loans	-	659	659
Foreign exchange difference	410	-	410
Net book value at September 30, 2004	831	14	845

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 5.4m (2003: EUR 5.5m) at an interest level of 6% per annum (2003: 6.5%).

Debtors

	September 30, 2004	September 30, 2003
Trade debtors	-	29
Other receivables and prepayments	19	128
Total	19	157

Cash and cash equivalents

No amounts were restricted

Capital and Reserves

Share Capital

The company's authorized share capital amounts to EUR 7.5m, divided into 25m cumulative preference shares and 50m ordinary shares with a nominal value of EUR 0.10 each. On September 30, 2004 a total of 28,320,725 ordinary shares of EUR 0.10 each are paid-up and called-up, resulting in issued and paid-up share capital of EUR 2,832,073. No preference shares are outstanding.

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.

During 2004 8,235,500 ordinary shares were issued at an average price of EUR 0.44, in addition 950,000 shares were converted from the convertible bond placed with Mercurius Capital on August 21, 2003.

The equity is broken down as follows:

	2004	2003
Issued and paid-up share capital		
Opening Balance	1,914	1,570
Shares issued	918	344
Closing Balance	2,832	1,914

	2004	2003
Share premium account		
Opening Balance	37,294	35,788
Costs shares and Bonds issued	(30)	(137)
Transferred from legal reserve	(23)	1,140
Transfer to foreign currency translation reserve	25	(527)
Shares issued	2,954	1,030
Closing Balance	40,220	37,294

	2004	2003
Foreign currency translation reserve		
Opening Balance	-	-
(Deductions) /additions	25	(527)
Transfer to share premium account	(25)	527
Closing Balance	-	-

	2004	2003
Legal reserves		
Opening Balance	424	1,564
Transferred from(to) share premium account	23	(1,140)
Closing Balance	447	424

	2004	2003
Convertible Bonds		
Opening Balance	722	-
Bonds issued	3,110	722
Bonds converted to shares	(228)	-
Transfer to short term liabilities	(23)	-
Closing Balance	3,581	722

	2004	2003
Other reserves		
Opening Balance	(35,113)	(30,211)
Appropriation of result prior year	(13,717)	(4,902)
Closing Balance	(48,830)	(35,113)

A legal reserve has been created with respect to the capitalized software development costs.

Convertible Bonds

Between August 2003 and September 2004 the company issued seven convertible bonds (six in the current year), that are considered as part of the Equity for the amounts placed, 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.

The outstanding amount for Convertible Bonds issued and not yet converted is included in the Equity amount for that part on which the Company does not have a financial obligation in cash. The discounted value of related future cash obligations is reported under short term liabilities.

Overview of outstanding Bonds at year end

Name and Date of issuance	Conversion price per share	Number of shares	Conversion period	Amount
Mercurius Capital Management August 29, 2003	EUR 0.24	950.000	December 2003- December 2005	228
Smaal Beheer B.V. September 20, 2003	EUR 0.28	950.000	March 2004- March 2006	266
Private Investors represented by M.Manders November 18, 2003	EUR 0.29	1.000.000	July 2004- November 2007	290
Smaal Beheer B.V. February 5, 2004	EUR 0.32	1.000.000	July 2004- July 2007	320
DVRG February 29, 2004	EUR 0.50	2.000.000	February 2004- December 2005	977
DVRG February 29, 2004	EUR 0.50	3.000.000	February 2004- July 2006	1,500
Total		8,900,000		3,581

The Bond placed with Mercurius on August 21, 2003 for an amount of EUR 228K has been converted into 950.000 shares, conversion price EUR 0.24 per share, per September 29, 2004.

The Bond placed on August 29 2003, with Mercurius Capital Management and the Bond placed on November 18, 2003, to private investors represented by Mr M Manders are converted into shares per December 29, 2004.

The Bonds placed with DVRG carry an interest factor of 4.7% annually payable in cash for the EUR 1.0m Bond and in shares at a conversion price of EUR 0.50 for the EUR 1.5m Bond issuance. The interest payments in cash are recorded through the P&L statement, the equivalent of the discounted amount of the interest installments due per September 30, 2004 is recorded under short term liabilities and thus not under equity.

Employee stock option plans

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.

Under TIE's personnel option plan, employees leaving the Company lose their options which become available for issuance later on. As such there were over 1.1m options available at the end of 2003 of which 850.000 option were issued in 2004.

Per February 3, 2004, a total of 500.000 were issued at a strike price of EUR 0.28 to all employees in the United States as part of their 2003 option plan. Normally such options are granted at year end September 30 but as a result of the reorganization at that time only employees in the Netherlands were awarded.

At the same date the Company issued 350.000 options to the Chief Executive Officer at a strike price of EUR 0.32. In 2001 a special option package was awarded to the management of TIE, the CEO received 350.000 options but decided not to accept. After the successful reorganization executed in 2003, the Board of Supervisors decided to award these options again.

Per September 30, 2004, a total of 537.000 have been issued at a strike price of EUR 0.47 to all employees in the Netherlands, including the Chief Executive Officer who received 45.743 options. Per the same date 358.000 options were granted to all employees in the United States at a strike price of EUR 0.41.

OPTIONS	**Date**	**Options Granted**	**Cancelled**	**Outstanding options**	**Weighted average exercise price**	**End Date**
1999 Belgium	Jan 20, 2000	65,698	65,698	-	EUR 2.03	Feb 2004
2001 Netherlands	Sep 28, 2001	354,488	154,212	200,276	EUR 0.63	Mar 2005
Supervisory Board	Sep 28 ,2001	65,000	20,000	45,000	EUR 0.63	Mar 2005
2001 Belgium	Sep 28, 2001	74,062	18,575	55,487	EUR 0.59	Jun 2005
2001 USA	Sep 28, 2001	258,750	201,000	57,750	EUR 0.63	Mar 2005
2002 Netherlands	Sep 27, 2002	787,227	392,288	394,939	EUR 0.65	Mar 2006
Supervisory Board	Sep 27,2002	80,000	-	80,000	EUR 0.65	Mar 2006
2002 Belgium	Sep 30, 2002	110,547	15,398	95,149	EUR 0.57	Jun 2006
2002 USA	Sep 27, 2002	533,198	386,026	147,172	EUR 0.57	Mar 2006
2003 Netherlands	Sep 30, 2003	497,614	22,833	474,781	EUR 0.31	Mar 2007
2003 USA	Feb 3, 2004	500,000	141,000	359,000	EUR 0.28	Apl 2007
2003 CEO	Feb 3, 2004	350,000	-	350.000	EUR 0.32	Oct 2007
2004 Netherlands	Sep 30, 2004	518,317	-	518.317	EUR 0.47	Mar 2008
2004 USA	Sep 30, 2004	315,040	-	315.040	EUR 0.41	Mar 2008
Total				3,092,911		

The options for the CEO are included in the above numbers.

For the employee stock option plan 2001 in the US, it has been agreed that the options vest according to a certain schedule. At year-end 2004, all options were vested. All other US options have not vested.

During the years 1999-2004 a total number of 4m options have been allotted to the personnel, the Management Board and the Supervisory Board. A total number of 3,092,911 options is currently outstanding, therefore the available options for re issuance as a result of cancelled options from employees who left the Company, totals to 907,089 options.

Other stock option plans

As part of the refinancing from debt to equity through the convertible bonds Delta Lloyd Bank received 500.000 options at an exercise price of EUR 0.50. These options expire on February 27, 2009.

Per 18 November 2003 500.000 options were granted to private investigators, represented by Mr M Manders at a strike price of EUR 0.32, these options might be converted between July 1, 2004 and November 15, 2007.

The following is a summary of the Company's stock option activity:

OPTIONS	**Date**	**Options Granted**	**Weighted average exercise price**	**End Date**
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
Berkshire Investments BV	Jan 7, 2003	3,000,000	EUR 0.50	Oct 2007
Private Investigators M Manders	Nov 18, 2003	500,000	EUR 0.32	Nov 2007
Delta Lloyd Bank	Mar 1,2004	500,000	EUR 0.50	Mar 2009
Total		7,600,000		

The Company intends to issue new shares for the coverage of the outstanding options. This policy will be reviewed from time to time.

Shares and Shareholders

The interests in the capital of the Company of the Members of the Management Board and Supervisory Board at September 30, 2004 are shown below.

	Shares	Options
Beginning Balance	6,013,339	123,704
Granted or acquired	-	395,753
Cancelled or sold	75,000	-
Ending balance	5,938,339	519,457

Specification by Board member

	Ordinary Shares	Options to acquire Ordinary Shares
J.W. Cutts	-	40,000
B. Geersing	-	35,000
Th.H. Raman	5,938,339	444,457

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	Reallocation of options Feb 2004	Option plan 2004	Total
Exercise price	0.63	0.65	0.31	0.32	.0.47	
Term	Mar 2005	Mar 2006	Mar 2007	Mar 2007	Mar 2008	
J.W. Cutts	20,000	20,000				40,000
B. Geersing		35,000				35,000
Th.H. Raman		-	48,704	350,000	45,753	444,457
Total	20,000	55,000	48,704	350,000	45,753	519,457

On September 30, 2004 CSD Investments BV holds 7,917,785 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.

Provisions

Equity deficit subsidiaries

There is a Provision for equity deficit for subsidiaries.

	2004	2003
Opening Balance	866	395
Addition/(Deduction)	659	471
Closing Balance	1,525	866

Rental obligations

	September 30 2004	September 30 2003
Opening Balance	2,835	-
Addition	-	2,835
Transfer to TIE Nederland B.V.	(2,835)	-
Closing Balance	-	2,835

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%. In the beginning of this book year this provision has been transferred to FaciliTIE being part of TIE Nederland B.V.

Affiliated companies

The amount reported in the balance sheet includes the deposit placed by CSD nl at Berkshire Investments on behalf of TIE, minus the current account balances with CSD Nederland and CSD Investments and the dividend receivable of TIE France.

Creditors

	September 30, 2004	September 30, 2003
Trade creditors	262	662
Taxation and social security contributions	5	336
Pension premiums	-	245
Amounts owed to affiliate companies	-	17
Inter company payable	461	895
Other payables and accruals	350	897
Total	1,078	3,052

Company Profit and Loss account

Personnel expenses

	October 1, 2003 to September 30, 2004	October 1, 2002 to September 30, 2003
Salaries including variable part	197	1,184
Social security charges	11	106
Pension premiums	33	55
Total	241	1,345

The expenses shown above exclude car expenses, the decrease in personnel expenses relates to the transfer of FaciliTIE to TIE Nederland B.V.

The average number of personnel during financial year 2004 amounted to 1 (2003: 18.7). This decrease relates mainly to the transfer of FaciliTIE to TIE Nederland B.V and the reorganization executed the end of 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, 2004 amounted to EUR 2.5K.

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 0.8m. The rental agreement expires in 2010. Rental due within one year amounts to 0.8m-medium term is euro 3.2m and long term 0.5m although the rental contracts are in the name of TIE holding all aspects related to the building are transferred to FaciliTIE, part of TIE Nederland BV.

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.

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 profit of EUR 0.6m will be transferred to Other Reserves.

Article 26 of the Articles of Association reads as follows:

Article 26. --

1. From the profits achieved during the previous financial year will first be paid, if possible, a percentage on the cumulative preference shares equal to the marginal interest rate for special loans of the European Central Bank, plus two percentage points as at the first day of the financial year in question of the nominal amount of said shares. In the event that the result achieved in any given financial year is not sufficient to pay the percentage stated above, no addition to the reserves will take place in the subsequent years other than that required by law, nor shall any amount be paid on the ordinary shares before the holders of cumulative preference shares have been paid the dividend to which they are entitled, and the dividend for the previous financial year has been paid. No further payments can be made on cumulative preference shares than that referred to above in this paragraph.

   The residual profits available after application of the above provision in this paragraph shall be at the disposal of the General Meeting. ----------------------
2. The company can only make payments in as much as its shareholders' equity is greater than the paid-up and called-up part of the issued capital plus the reserves which must be maintained by law. ---------------------------------------
3. Payment of profits shall not take place until after adoption of the annual accounts which show that this is authorised. -------------------------------------
4. Shares or depositary receipts on shares held by the company and shares or depositary receipts on shares which the company holds in usufruct shall not be taken into account in the calculation of the profit distribution. --------------------
5. The General Meeting can only decide to make interim payments at the proposal of the Supervisory Board. A decision to pay an interim dividend from the profits in the current financial year can be taken by the Executive Board only with the prior approval of the Supervisory Board. ---

   Payments as referred to in this paragraph may only be made if the provision of par. 2 of this article have been met. --
6. The General Meeting can decide that dividends shall be paid fully or partly in the form of shares in the company's capital. ---
7. Unless the General Meeting sets a different term, dividends are paid within fourteen days of being set. --

   Claims for payments in cash shall lapse, in as much as these payments have not been collected within five years and one day of the date on which they became payable. --
8. A deficit may only be offset against the reserves prescribed by law, if and to the extent permitted by law. --

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, 2004 and subsequent financial years. Payment of dividends can be made either in cash or in stock.

Subsequent Events (unaudited)

Per October 11, 2004 the Company announced the intention to acquire a controlling interest in TIE France of 51%, the remaining 49% will be purchased by the former manager Director of TIE International. Although agreements on the terms and conditions for the sale and purchase of shares are reached, formal documentation is still in process, expected completion date February 10, 2005.

Per December 8, 2004 the Company placed 950,000 new shares with professional investors, strengthening TIE's equity with EUR 361K.

Per December 10, 2004 the Company reached a final agreement with Berkshire Investments which relieved the securities placed on the mezzanine facility agreement being a pledge on the shares of TIE Commerce and the trade receivables in the USA and the Netherlands plus the tangible fixed assets in the Netherlands. The loan itself plus related interest costs were already completely repaid and TIE does not have any obligation anymore towards Berkshire.

Per December 29, 2004 the Company converted the outstanding Bond placed in September 2003 with Mercurius Capital Management into 950,000 shares at a conversion price EUR 0.24 as well as the conversion of the outstanding Bond placed in November 2003 with a group of private investors represented by Mr. M Manders, into 1m shares at a conversion price of EUR 0.29.

Per January 3, 2005 the Company announced the management buy out of it's catering activities to a group of (former) employees, this transaction will enable TIE better to focus on the Core business and will generate a profit on fixed assets sold in the next fiscal year of approx EUR 230K. The purchase price of EUR 250K will be paid in installments over a period of five years. This will not affect the net turnover. The net impact on the result in 2005 will be positive with approx EUR 100K, the net book value of tangible fixed assets will decrease with EUR 25K.

Auditors' Report

Introduction

We have audited the financial statements of TIE Holding N.V., Amsterdam (Schiphol-Rijk), for the year October 1, 2003 – September 30, 2004 as set out on pages 28 to 63. 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, 2004 and of the result for the year October 1, 2003 – September 30, 2004 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.

The Hague, February 1, 2005

ERNST & YOUNG ACCOUNTANTS

H.Hollander	J.J.Nooitgedagt
Partner	Partner

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