TIE Holding NV

Annual Report

for the financial year 2005

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 2005 (October 1, 2004-September 30, 2005).

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
- TIE's ability to anticipate and react to rapid changes in the B2Bi Market and Data Sync markets

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 2005

October 1, 2004 - September 30, 2005

Financial Highlights

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

	2005	2004
Financial Results		
Revenue – Third Party	7,826	7,635
Depreciation & Amortization	(1,110)	(1,740)
Net Result	62	580
Shareholders' Equity		
Total Assets	4,825	3,998
Total Shareholders' Equity	381	(1,170)
Employees (expressed as full time equivalents)		
Average Number of Employees in Group Companies	78	80
Per Share of Ordinary Shares		
Net Result	0.00	0.02
Shareholders' Equity	0.00	(0.05)
Number of shares outstanding	41,070,725	28,320,725
Weighted average number of shares outstanding	33,109,903	22,650,667
Average number of diluted shares outstanding	33,886,030	25,619,943
Share price		
Last Trading Day in financial year	0.34	0.41
Highest	0.59	0.71
Lowest	0.32	0.24

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Letter to the Shareholders

Focused strategy... Technology leadership... Market expansion... Consolidation of internal systems... Strategic acquisitions...

In 2005 these factors lead TIE to significant accomplishments, primarily in the form of expanded market penetration for new products, sales growth and improved financial stability. As the overall Business-to-Business Integration space began to improve, the Data Synchronization and Product Information Management initiatives also began to show improvements specifically in the retail industry. With a clear focus on Business Interoperability, TIE was able to successfully reposition itself as Software Company. This is the best basis to achieve consistent profits through quarter-over-quarter revenue growth - along with a reduced growth in operating expenses.

A number of important successes drove our improved performance in 2005:

- TIE successfully launched the TIE Data Synchronization Suite with enhanced functionality to address the Product Information Management market.
- Strong market leader in the Data Sync/PIM space - mentioned 'a vendor to watch' by leading analysts as Yankee Group and Gartner
- Four focused product lines: Business-to-Business Integration, Data Sync/PIM, Collaborative Planning and Financial Reporting
- Portfolio expansion through the acquisition of Nspyre
- Enhancement and expansion of the current TIE product portfolio to deliver more value to customers
- Expanded partnerships with Microsoft, GXS and Epicor software
- Market expansion through the majority interest in TIE France
- Global use of the web-based collaborative internal system: 'My-TIE' by all TIE business units
- Focused lead generation programs to new and existing customers to generate awareness and strengthen our leadership position

All in all, I want to thank everyone at TIE for their contributions in 2005. On behalf of the company, I also want to thank you, our customers, business partners and investors, for your continued trust and support.

In 2006, we have some clear objectives for advancing our vision and strategy. First and foremost is rolling out TIE software globally: presenting it to customers and helping them plan and implement their new projects, expansions and upgrades. This is a global effort, and everyone in the company is focused on ensuring customer success and satisfaction. At the same time, we are educating our customers about Data Synchronization and Product Information Management and how they can accelerate their progress with broader TIE adoption and enhanced strategic alignment.

We will continue to devote considerable resources to product and technology innovation and our domain expertise within various vertical industries and global standardization, to better serve our customers. At the same time, we intend to lock in the operating leverage we achieved with the acquisition of Nspyre and TIE France and future acquisitions all focused on expanding our profitability.

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

Report from the Supervisory Board

To the annual general meeting of shareholders,

In the twelve months of the financial year 2005, the entire Supervisory Board held seven meetings in order to:

- Monitor the continued performance of the Company and its Management against TIE's operating plan and Budgets. This included, where necessary, independent contact with Ernst and Young, being TIE's auditors;
- Ensure the continued compliance of the Company with the reporting and governance requirements of EuroNext;
- Consider possible strategic moves, including possible mergers and acquisitions in addition to those with Nspyre and TIE France reported elsewhere. As a matter of course, the Company continues to seek opportunities that are earnings enhancing and potentially able to enhance shareholder value.
- Support the finalization of the capital restructuring and to re-establish positive Shareholder's Equity
- Ensure proper implementation of the compensation policy agreed for the Board of Management of the Company

During the course of such meetings, the Supervisory Board met independently of the Management Board in order to satisfy ourselves as to our composition and to the proper functioning and continued independence of all the members of the Supervisory Board. This was particularly relevant when Bauke Geersing stepped down from the Supervisory Board in June to be replaced by Dick Benschop, the former Dutch State Secretary for Foreign Affairs.

The Supervisory Board also independently reviewed the performance of the Management Board. Performance targets were set at the beginning of the year that were ambitious and not achieved. The Management Board did not, therefore, receive a bonus.

The Supervisory Board also considered the strategic direction and execution of the Company and the various associated risks. The implementation of My-TIE has done much to improve the documentation and control of the Company. This in turn helps the monitoring of such risks. The Supervisory Board is satisfied that the risk profile of TIE is sufficiently understood, monitored and the financial consequences have been reflected in the Company's accounting policies.

2005 was a year in which TIE could further consolidate its position. The structural changes implemented at the end of the previous year ensured that TIE can sustain profitability.

The Management under the Chief Executive, Dick Raman has set clear objectives for 2006. The emphasis, as ever, is on ensuring that TIE focuses on enabling customer success and satisfaction. The Supervisory Board wholly endorses this approach.

John W. Cutts
Chairman, Supervisory Board TIE Holding NV

	John Cutts	Ton Veth	Dick Benschop
			
Gender	Male	Male	Male
Age	55	59	48
Principal position	Chief Executive, Pall Mall Capital Ltd.	CEO & President, Cebra B.V.	Vice-President Shell Energy Europe
Nationality	British	Dutch	Dutch
Other positions	None	None	None
Date of initial appointment	August 2001	May 2003	June 2005
Current term of office ends	February 2006	May 2007	June 2009
Supervisory Board memberships of public companies	None	None	None

Company Profile

TIE is an international B2B software company, established in 1987 and focused on Business Interoperability. TIE designs, develops, markets and supports a comprehensive portfolio of software products that enables companies to do business electronically and to lower costs by synchronizing their product information and business processes with their partners in the Supply Chain. TIE's capabilities include Business-to-Business Integration, Data Synchronization, Collaborative Planning and Financial Reporting. TIE plays an active role in global eBusiness standardization and has years of experience providing customers with the benefit of solid, future-proof products. TIE is a Public Company listed on the EuroNext Amsterdam Stock Exchange (TIE) and is included in the NextEconomy Index. TIE has thousands of customers across all major industry sectors TIE has offices in the USA, Netherlands, Belgium, and France with representation in Europe, Latin America and Asia.

Founded in 1987, TIE has been and continues to be, a pioneer in both the development of electronic business solutions as well as being a leader in defining the global standards that have saved businesses and governments billions of dollars through efficient trading. Our software and services have helped thousands of 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.

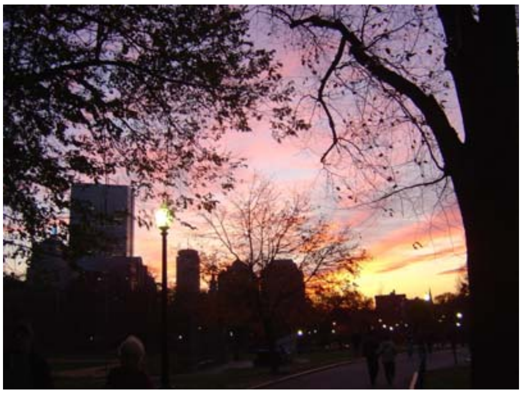
In a world that is becoming increasingly more complex, the role that TIE plays must be clearly defined. TIE has positioned itself as a software provider in the market of Data Synchronization, where the software that TIE provides needs customization and business consulting and requires the involvement of specialized domain consultants. Together with an increasing number of partners that are well trained and equipped to provide services, TIE is able to offer complete solutions to its customers.

Vision Statement

"Companies need Interoperability to Survive."

It is TIE's vision that Interoperability will become the most important topic on the corporate agenda. TIE believes interoperability is the ability to connect business applications and processes with those of partners in the Supply Chain. In this sense it is the ultimate form of collaboration. It is seen as the central technical and business challenge that companies face in relation to conducting business as an extended enterprise. 'Technical Interoperability' provides the ability to physically exchange information. Most companies today are able to do this with a wide range of technical solutions ranging from EDI to XML and from VANS to webServices. What companies need to focus on now is the 'Business Interoperability', the ability for their applications and processes to actually understand each other and be closely integrated.

Business Interoperability is a far more complex issue than Technical Interoperability since it not only involves semantics but also culture, language, business practices, legislation and corporate politics. A necessary ingredient for doing business electronically is also the presence of up-to-date and correct product information with the partners in the Supply Chain



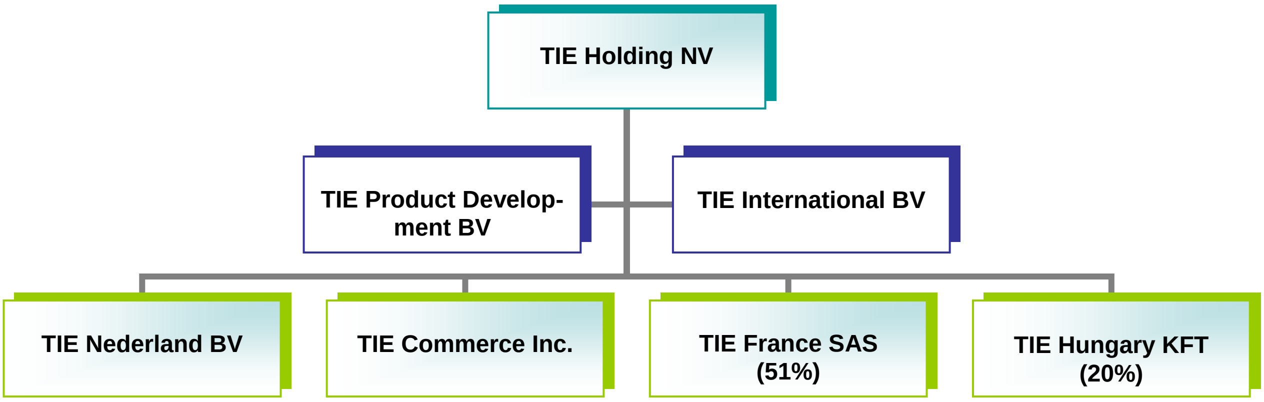
The trend that we see is that companies are focused more and more on squeezing every last penny of cost out of the supply chain. We see this trend in the retail sector, where the large retailers are imposing more and more demands on their suppliers to synchronize product information and tighten up business processes. It is becoming clear that companies that do not synchronize their product information will face higher costs and lose their ability to compete in the Supply Chain.

Mission Statement

"TIE will remain at the forefront of technology by playing an active role in Global B2B Standardization. Through this we will continue to provide our customers with solid, future-proof software tools and in-depth expertise for achieving Interoperability through B2B Integration and Data Synchronization"

It is TIE's mission to continue to provide its customers with software that is at the highest level of usability, now and in the future. TIE's history is being among the first providers of new concepts and new technology. The work that TIE is performing in global standardization has enabled us to provide our customers with software that supports the latest standards and developments in the field of electronic commerce and Supply Chain management. TIE is determined to maintain this leadership position.

The structure of the TIE organization today is as follows:



TIE as a whole is positioned as a Business-to-Business Interoperability Software Provider focused on trading partner enablement. TIE's long-term objective is growth. As a Software Vendor, growth in software revenue only requires marginal growth in cost, which establishes the potential for high profits. 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 based on the knowledge and experience of being in this business for over eighteen years, linking trading partners, establishing and rolling out trading communities and implementing standards. TIE's target customers are small and medium sized organizations but we will ensure that clients can enjoy relationships with all sizes of trading partners, emphasizing the business value – not the technology.

TIE Product Development creates products that are targeted for reselling via Agents/Partners and all TIE subsidiaries as part of their overall solution offering. 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. They deliver 'whole products' in terms of the software, training and documentation.

TIE International handles reselling relationships in areas where TIE does not have a subsidiary or reseller. TIE offers Agents an extensive range of standard (packaged) products and the appropriate training and certification.

At the regional level, TIE subsidiaries support local resellers that use TIE software to render solutions for our mutual customers. They help customers to achieve efficiency and cost-savings by streamlining their interactions with their partners in the supply chain. TIE Subsidiaries have in-depth knowledge in many vertical markets such as retail, health care, automotive, transport, and finance.

Interoperability

In today's information intensive business world it is critical that decision-makers across the entire supply chain have rapid access to relevant information that is crucial in helping them make more informed business decisions.

Executives are realizing the urgency of eliminating inefficiencies and aligning their operations more closely with their trading partners. As a result, global corporations have made tremendous investments in implementing enterprise systems to streamline internal business processes and develop systems to exchange data electronically with their business partners.

While these systems provide significant value, companies recognize they can no longer compete on the basis of their individual enterprise capabilities alone. Instead they must compete on the combined competencies of their extended trading network. They need to collaborate closely with their partners in the Supply Chain, in order to achieve this. Interoperability is the ultimate form of collaboration, where companies are not just working together, but really interconnect as a Virtual Organization.

Interoperability is central to establishing eBusiness. It provides organizations with the ability to transfer and use information across multiple technologies/systems by creating commonality in the way that business systems share information and processes across organizational boundaries. The goal of interoperability is to allow information to be presented in a consistent manner between business systems, regardless of technology, application or platform. In order to have a practical business meaning, interoperability must be understood and expressed in the context of a business standards interoperability framework. An interoperability framework can be defined as a set of standards and guidelines that describe a way in which organizations have agreed to interact with each other. An interoperability framework is therefore not static and may have to be adapted over time as technologies, standards and administrative requirements change.

There are two basic levels of interoperability. The first is *Technical Interoperability,* which is the common methods and shared services for the communication, storage, processing and presentation of data. This would include a secure environment, compatible technical standards and a common framework. The second is *Business Interoperability*, which is the collaboration, including workflow and decision-making transactions. This requires alignment of business processes as well as operational synchronization of collaboration data.

Market Trend

The Business-to-Business collaborative space is continuously evolving to achieve the higher objectives of interoperability and automation. Addressing various dimensions of interoperability is vital to enable truly global electronic commerce. Significant efforts have been made by various standards and industry groups toward the development of XML-based technical and business semantic standards to meet the challenges of technical and business interoperability. The retail sector is an example where the need for more reliable data in the Supply Chain and up to date product information created a process called Global Data Synchronization, which ensures that basic data such as item and party information stored by one-company matches the corresponding data in the systems of their business partners.

Complying with global standards can generate supply chain savings and productivity improvements of 1-3% of revenue for retailers and consumer products manufacturers, impacting the bottom line by 10-15%. The improvement potential is comparable for both retailers and manufacturers, and these benefits apply for companies of all sizes. The research firm Forrester believes the size of the US B2B business alone will exceed 2 trillion dollars by 2006.

The forecasted, significant long-term benefits can enable the large-scale implementation of more collaborative business processes. Thus, in addition to the value created for retailers and manufacturers, consumers will also benefit through improved product availability, product assortment and customer service.

eBusiness Standards Enable Interoperability

ebXML is one such advanced XML-based B2B infrastructure for eBusiness, available today. ebXML, a joint initiative of UN/CEFACT and OASIS, is designed to address one of the key failings of eBusiness: interoperability. ebXML's vision is to enable a global electronic marketplace for all kinds of enterprises, including medium and small enterprises.

While ebXML along with webServices have been successful in providing technical interoperability, addressing the need of the semantic aspects of interoperability is a must for successful eCommerce. Standardizing common business semantics for exchanging business information is the key to achieving this.

From a semantic point of view interoperability has two aspects: common semantics across industries and common semantics within stakeholders within a particular industry. Initiatives by various industry consortiums to define XML-based industry-specific standards have been successful in achieving this within the industry domain. The problem arises with industry-specific XML versions of common business documents such as quotations, orders, invoices, and so on, which create barrier for interoperability across industries.

The existence of multiple document formats for common business documents resulted in higher cost of development, maintenance, and integration to enable trading relationships. To achieve interoperability, creating common semantics is arguably the most important current focus of standards activity and product development.

Conclusions

Driving Higher Organizational Performance… Synchronizing data and Supply Chain Operations… Enabling Better System Interoperability… are all key issues on the mind of executives today. Companies are using a wide range of strategies, technologies, and practices to address these challenges and are seeing real benefits from these efforts. Interoperability is receiving considerable attention and growing interest from executives with the primary to drive operational excellence, while reducing the cost of integration and providing a common view of information. To achieve true interoperability, cross-industry agreement on standards and frameworks must be achieved. Progress will be judged by how rapidly concepts, models, methods, and standards evolve and are adopted across business communities.

Adoption of a standardized B2B Interoperability framework and business language standards will provide an open, flexible and interoperable eCommerce infrastructure. ebXML, webServices and XML-based industry-specific standards are addressing all dimensions of interoperability. When combined, they can deliver that standards-based, interoperable infrastructure for eCommerce. Standardization will alleviate trade barriers and create opportunities in marketplaces for businesses of all sizes by lowering the cost of implementation.

The Company

Joining Vision and Experience

Since its foundation in 1987 TIE has been active in B2B Integration, not only in software development but in the standardization process as well. 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.

The Internet has offered and will continue to offer, opportunities to take Business-to-Business Integration to a new level. Electronic Commerce is available to small and medium-sized companies and is user-friendly by applying standards set by web browsers and graphical user interfaces. The success of Business-to-Business Electronic Commerce does not depend on technology, but on the understanding of the business processes and semantics involved. To make Business-to-Business eCommerce work, trading partners must agree on specific ways of doing business and restructure their business processes accordingly, so they can be automated.

Mass adoption of Internet-based Electronic Commerce drives simplicity and efficiency. The consumer will drive the supply chain. The only way suppliers can comply is by optimizing the supply chain through standard agreements between partners and competitors. TIE is 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.

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 B2B 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.

Industry analysts have stated that those companies with an expertise in EDI implementations are now being sought after to assist in establishing the next-generation of eCommerce. This requires several skills including technology implementation, process management, and project management. It also requires knowledge of enterprise applications, databases, communications, and data formats. Making all these systems work together is a highly complex matching game. That's why TIE's experience with semantic matching to link trading partners is so crucial to B2Bi strategies and implementations.

Products

Interoperability is required to share and exchange information, knowledge and content throughout the various business domains.

TIE has a comprehensive range of software products, which enables companies to structure and synchronize such information assets and helps them to integrate their internal systems with their partners within the various supply chains. TIE has further developed these products and kept them ahead of the requirements of the fast developing B2B Interoperability 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.

Core to TIE's offering is a range of products in the domain of B2B Integration. TIE's B2Bi Suite provides core services to manage, process, manipulate, link and exchange Business information. Customers can use these products can be used to fulfill specific needs such as communication, messaging and/or data transformation.

These core services are also utilized within specific domain solutions handling the various information types. TIE does not seek to address all aspects of these domains, just those where the features of the core services can realize added value for the end customer and TIE. Further, domains will be addressed by TIE as necessary but a key principle will be that the domains will add value to the TIE core integration services.

The TIE product range consists of many modules grouped under four functional product suites:

B2B Integration Suite – This has a range of software modules from entry-level to robust B2B Integration products that allows companies to provide a link between their internal business processes and those of their trading partners. TIE products automate this exchange of information and they integrate trading partners via the World Wide Web or other Internet protocols as well as traditional value added network services (VANS). It incorporates a wide range of modules for communication, transformation, database integration, and Enterprise Resource Planning (ERP) integration modules.

Data Synchronization Suite – TIE offers certified Data Synchronization products with modules for Product Information Management, Workflow and Messaging integrated in one platform. TIE has significantly expanded its solution offering through the provision of this suite giving customers the flexibility to conduct business more effectively, meeting mandates and complying with 1Sync (GS1) standards.

Collaborative Planning Suite – TIE offers products, which enable customers and suppliers to closely collaborate to allow them to manage shared inventory. These take into consideration forecast and production information, goods in transit stocks as well as optimization information such as truck and loading data. TIE does this through the provision of products for Vendor Managed Inventory (VMI) and the use of Supplier Portals.

Financial Reporting Suite – TIE offers a complete range of tools for the preparation, transmission and processing of XBRL reports. TIE's Financial Reporting domain solutions provide 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.

TIE's commitment to customer success extends beyond delivering software. Over the past years, TIE has developed a world-class support services organization to complement our industry-leading product suites. To ensure that our customers derive the greatest possible value from deploying out software, TIE offers complementary services including consulting, education services, customer service and support. TIE aims to provide these services mostly through partners, resellers and system integrators. Additionally TIE offers:

VAN Services - TIE offers all the advantages of a full-service private network that safeguards transactions between business partners and allows you to connect to any type of Value Added Network instantly. The VAN Service is called TIE directConnect.

Outsourcing and Hosting – In today's market companies increasingly leave IT services to specialists. TIE provides an on-line application service based on the domains above that help companies to take advantage of the Internet. TIE provides the resources required to fill any in-house gaps associated with solution configuration, operation and support. The service is called TiedByTIE and is available to address either short-term or long-term requirements.

Strategy

TIE's objective is to be a leading provider of Business Interoperability software. 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 of revenue. 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 enhance earnings, expand TIE's market reach, customer base and offerings with a focus on B2B Interoperability. TIE may acquire businesses; products or technologies that it believes will enhance earnings and expand its current product offerings.

Maintain Technological Leadership

TIE has a history of technology leadership and dedication to continuous product improvement. TIE provides comprehensive product suites that enable 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. One example of this is the European Commissions co-investment in a project called SEEMseed in which TIE participates to research into Registry and Repository infrastructures.

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 its existing customer base, acquire new customers and enhances its market presence.

Ongoing participation in Global eBusiness Standardization

TIE will continue to be an active contributor towards standards development. This will enable TIE to be at the forefront of developments. 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 eBusiness standards like UN/EDIFACT and ebXML. This now puts TIE in a leading role when it comes to where eBusiness standards will be going.

Expand Customer Base

TIE has a large and growing customer base across a wide variety of industries. TIE has made substantial progress in maintaining and extending its relationships with it's existing customer base. 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 focused on B2B Interoperability, 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 access to the capital markets to fund the acquisitions.

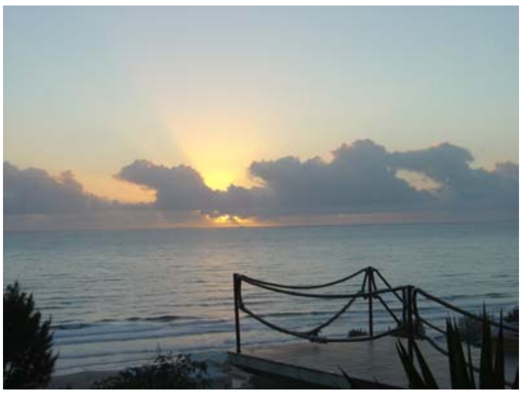
Risk Profile

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 marketing in order to create market understanding, visibility and brand awareness. This will lead to a more market driven product development policy and effective commercial activities;
- Putting TIE on the map as a main provider of Data Synchronization and PIM software;
- Building interoperable component pieces in the form of adaptors and webServices, which may be packaged as products for international sales or repackaged by partners;
- Continuing to produce technical road maps to illustrate the future development of the B2B interoperability 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 and Business Consultants, where TIE can provide additional expertise and products;
- Achieving synergies between the US and Europe in cross-selling products, avoiding duplication of efforts, and streamlining product management;
- 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, 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.

On the December 30, 2004, the Dutch legislator designated The Dutch Corporate Governance Code as a code of conduct as referred to in Article 2:391 paragraph 4 of the Civil Code. Based on this designation, each listed Company is required to include a description in its annual accounts, of its compliance with the principles and best practice provisions of The Dutch Corporate Governance Code applicable to the Management Board and Supervisory Board. A listed Company may deviate from the principles and the best practice provisions, provided that it shall give a proper explanation in the annual accounts, as to why such deviation has been made ("apply or explain").

This designation came into force with effect from the financial year starting on or after January 1, 2004. However, TIE had already decided to include a description of the corporate governance structure of the Company in the annual report for 2003.

In this annual report, a further analysis will be given on the measures that the Company has taken in the financial years 2004 and 2005 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. In order to manage the Company, the Management Board regularly visits the subsidiaries and has monthly calls with local management.

The Management Board has provided and shall provide the Supervisory Board in a timely fashion with all information necessary for the exercise of the duties of the Supervisory Board. The Management Board is responsible for complying with all relevant legislation and regulations, for managing the risks associated with the Company activities and for financing the Company. Related developments have been and shall be reported to the Supervisory Board.

During the financial year 2005 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. 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 2005 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, customers and resellers. The system has been outsourced in order to ensure 24/7 global availability and to free up internal resources. Now that My-TIE has been in operation for over a year, it has proven to be a very effective system.

As a software company there are particular risks that need to be considered. Most important here is that not only the software is developed in the right way, but especially that the right software is developed. As Microsoft Gold partner and after many different certifications from GS1, ETSI and the Drummond Group, there is reasonable certainty that the development process is solid. The company follows the Rational Development Process from IBM to ensure this. The Company is very active in Global eBusiness Standardization, which gives it insight in where developments in eBusiness are going. Even more so, as Chairman of the United Nations Centre for Trade Facilitation and eBusiness, the Company's CEO Dick Raman is in a leading position to drive eBusiness Standardization globally. This gives comfort that the right products are being developed.

In 2005 TIE created a global Strategic Management Board chaired by the CEO of TIE Holding, consisting of senior managers from each core business area: Technology, Global Alliances, Channels, Product Management and Marketing. The focus of this board is to implement Management Board decisions, establish policies, and strategic planning. It acts as a reference for the Management Board and ensures broad participation in decisions of a corporate nature.

In view of the above, the Management Board believes it has taken adequate steps to implement a risk management and internal control system ('My-TIE') that is appropriate for the Company's size and complexity. Due to the fact that TIE is a relatively small company, it does not have an elaborate financial staff, which makes it difficult to comply in every aspect of the increasingly tightening rules for financial reporting and corporate governance. Overall, the Management Board is of the opinion that, although there is room for improvement, with regards to financial reporting risks:

- Our risk management and control system provides reasonable assurance that the company's financial reporting does not contain any material inaccuracies;
- During the year under review the risk management and control systems have worked properly;
- There are no indications that the risk management and control systems will not work properly in the current year;
- We will continue to improve the risk management and control systems, in order to fully realize the potential of this My-TIE system.

It should be noted that the proper design and implementation of a risk management and internal control system significantly reduces, but cannot fully eliminate the possibility of poor judgment in decision-making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and the occurrence of unforeseeable circumstances. Another limiting factor is the need to consider the relative costs and benefits of risk responses. A properly designed and implemented risk management and internal control system will therefore provide reasonable but not absolute assurance that a company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business. In this context reasonable assurance refers to a degree of certainty that would be satisfactory for a prudent manager in the management of his affairs in the given circumstances.

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. Options are granted to all personnel, but only after three years, the options can be exercised for a period of seven years. 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.

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 manifestly unreasonable.

The remuneration of the Management Board and the Supervisory Board is determined by the general meeting of shareholders. The remuneration includes costs to the Company such as salary, pension, car and fixed expenses. At the last meeting the remuneration of Dick Raman was increased by 8% from the previous year. This was in line with the salary increase personnel in the Company received that performed exceptionally well. His remuneration is now EUR 231k and consists of a salary of EUR 187k and EUR 44k in pension expenses. 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 equity, net profitability and a significant increase in revenue for the financial year 2005. These objectives were not reached; therefore he will not 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 Supervisory Board is responsible for the quality of its own performance.

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 independent 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. 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.

There is no personal liability insurance in place for members of the Supervisory Board or the Management Board.

Any (apparent) conflict of interest between the Company and a member of the Supervisory Board or Management Board shall be avoided. This financial year, the Company did not enter into any transaction under which a member of the Supervisory Board or the Management Board would have (apparent) conflict of interest.

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. Given the size of the Company, the Management Board is of the opinion that such measures, at this moment, will not add to the transparency or the decision making process.

The Company has an anti-takeover 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, the Founder of the Company. His current term of appointment will be continued.

The purpose of the foundation 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 number of 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. From time to time, this protection mechanism will be the subject of further evaluation.

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, can be found on the corporate website http://www.TIEglobal.com.

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 next annual general meeting of shareholders.

Report from the Management Board

The year 2005 was the year in which the Management Board focused on bringing the Data Synchronization and Product Information Management ('PIM") Products to the market in the USA. In December 2004 TIE announced its first customer for its Data Synchronization Suite in the United States of America. Mueller Industries, a leading US manufacturer of pipes and fittings, had selected TIE to synchronize product information with retailers such as Home Depot and Wal-Mart through GS1 1Sync[1]. Manufactures such as Mueller Industries upload their product information to 1Sync, which is then verified for compliance with industry standards. 1Sync then synchronizes the data with trading partners ensuring that all are using identical, updated, standards compliant data. The overall goal is to have more reliable data in the Supply Chain. Up-to-date Product Information is a high priority for retailers such as Home Depot and Wal-Mart and is a prerequisite for the implementation of RFiD, the new Radio-Frequency technology to identify products. During the year many other customers signed up for this product suite, both in the USA as well as in Europe.

TIE France

The year started with the announcement that TIE was to acquire a controlling interest in TIE France SAS. TIE Holding NV increased its existing 30% stake in TIE France to 51% during April 2005. Roy Lücke, currently Managing Director of TIE International BV has now personally acquired the remaining 49% of the shares of TIE France and assumed the role of its Managing Director. The transaction is in line with TIE's strategy to acquire similar businesses in other countries and enables TIE to accelerate its international growth. TIE France markets eCommerce solutions to some 400 customers. It has a particularly strong position in the retail sector (InterMarché, Carrefour, Auchan) and among large international organizations (such as Thyssen, Warner Bros, Nina Ricci, ABB, Alcatel and Toyota). It is the third largest market player in France within the B2B Integration sector.

Microsoft Gold Certification

Just before the year ended, TIE announced that we had attained Gold Certified Status in the Microsoft Partner Program with a competency in ISV/Software Solutions. TIE's proven track record of customer satisfaction and competence in leveraging Microsoft technology to provide excellent Business Integration related solutions was a key factor in gaining this certification. TIE's customers will immediately see the benefits of this new relationship. The Microsoft Gold Certified Partner Program provides a way for customers to identify companies that have proven their commitment and expertise in one or more specialized areas when delivering Microsoft technologies. Microsoft Certified Partners need to meet a higher set of criteria for each category, including enhanced certification and a portfolio of real-world customer references, and are thus identified as the most skilled partners in specific solution areas.

FaciliTIE

We completed an agreement in 2004 with a group of four (former) employees to divest the TIE catering and facilities business. This transaction enables TIE to focus on its core activities TIE set up a catering and facilities department called FaciliTIE that operates the unused assets in its corporate headquarters in Amsterdam (Schiphol-Rijk). The success of FaciliTIE meant, however, that it began to be a distraction from the core business of TIE and required substantial management attention and administrative overhead.

The Management of TIE therefore agreed with the management of FaciliTIE, together with two ex-employees, that they structure a management buy-out of the catering and facilities activities of FaciliTIE. These activities will be organized in a new entity called Samar BV, which will take over the responsibility for activities related to

[1] GS1 is the new name for EAN, the global organization in charge of many standards used in Retail, they operated a Data Synchronization Service called 'UCCnet', which acquired Transora and is now known as 1Sync.

the reception area as well as the catering, the support for the companies currently renting floor space in the TIE building, renting out available conference facilities, maintenance and cleaning of the office building etc.

Reseller Agreements

An important reseller agreement was signed with Computer Generated Solutions, Inc. (CGS) that selected TIE's Transformation Technology to integrate with its Business Intelligent application. The expanded solution will enable CGS customers to streamline EDI processes and deliver end-to-end supply chain visibility. Under this agreement CGS will offer TIE's eVision solution as a complimentary offering for eCommerce to CGS' solutions. With TIE eVision, retailers are able to rapidly achieve the electronic connectivity and the integration they require among their suppliers, customers and business systems. Because EDI requirements vary from company to company, differences in document formats and other requirements create obstacles to successful information exchange.

In The Netherlands, TIE announced a new reseller agreement with Copernicus Interchange Technology. This partnership will be focused on the logistic and transportation industry sectors to effectively respond to the rapidly increasing challenges of business process integration. TIE-Copernicus will take full responsibility for implementing a complete B2Bi solution, which is specifically designed to match our customers' requirements. The partnership is well positioned to provide a single point of contact to our customers through which TIE secures the delivery of a B2Bi product suite and Copernicus completes the integrated solution by the delivery of professional services in both areas of implementation and ongoing support.

TIE announced the expansion of its reseller agreement with REMEDI Electronic Commerce Group, an organization that specializes in the development, integration, and implementation of business-to-business electronic commerce solutions. The reseller agreement will now also cover the TIE Data Synchronization Suite. With the addition of this solution to the partnership, the REMEDI Global Data Synchronization service spectrum now includes a technical level solution to client 1Sync needs, complementing current Global Data Synchronization services including strategy, training/education, risk/opportunity assessment, and functional/ technical requirements definition.

Nspyre

An important strategic step was the acquisition of Nspyre Solutions BV, a Dutch organization that specialized in the development and implementation of Supply Chain Management software. The technology will be incorporated into TIE's market leading Business Integration solutions to deliver next-generation products and value to the market.

With the addition of the Nspyre product line, TIE will be able to deliver Supply Chain Visibility, Tracking, Collaboration and Replenishment. TIE will be able to support many different Supply Chain Integration scenarios. Specific mention should be made of the versatile Vendor Managed Inventory (VMI) functionality, which includes forecast and consumption based replenishment, dynamic safety stock calculations, and truckload optimization. This product line has been integrated into the TIE portfolio and is now part of the TIE Collaborative Planning Suite.

Outlook

After a good start of the financial year, the Management Board was hopeful that general market circumstances were improving. In the second quarter, this proved to be untrue. However for the third and fourth quarter, we saw revenue and results improving. Our pipeline remains strong and we are working hard to improve results quarter over quarter. We are convinced that we are on the right track and that we have the right products and people to realize our vision for the future.

Since the beginning of the financial year, the Company has made progress in selling the new Data Synchronization products, mostly in the USA. The revenue generated by these new products in the first six months amounts to about 7% of total revenues. It is foreseen that this percentage will grow in the next financial year, as TIE concentrates on maintaining the revenue of its other traditional businesses. The overall effect will be an increase in revenue.

The global drive to squeeze cost out of the Supply Chain has ensured that the focus on Data Synchronization is high. When buyers and suppliers in the Supply Chain have synchronized their product information properly, they can achieve significant reduction in errors and returns, which is estimated to lower costs for retailers by 1% of revenue. The opportunities in this market are enormous. TIE is well placed with a product that is regarded as 'best of breed'. However, TIE still has insufficient visibility, which is why TIE is investing in this area to get itself on the map.

The Company still sees market circumstances improving slowly, both in the USA and in Europe. This is a pre-requisite for the sustained performance of the Company.

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 2004 are from the previous year's annual report. In comparing the operations of the respective years, it should be noted that the Company sold its FaciliTIE department in December 2004 and outsourced its information services and internal support activities in combination with investments into new integrated systems. Also TIE France has been acquired effective April 13, 2005 and Nspyre effective June 29, 2005. Operating expenses including depreciation increased with 4% in 2005, as compared with 2004, which is mainly due to the lower reversal of the provision for rentals which resulted into higher accommodation costs.

The increase in revenues has to be contributed to the acquisition of TIE France (4.1%), an increase in revenues in the Netherlands (2.5%), minus a negative exchange impact on the revenues in dollars (2.6%).

All amounts are in EUR x 1,000 unless stated otherwise.

Annual result of operations

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

	2005	2004
Net revenue	7,826	7,635
Operating expenses, including depreciation	6,561	6,228
Amortization of goodwill	627	1,180
Net result	62	580

The net result for the year 2005 is positive for the second time in a row, however, shows a decline compared to the previous year result because of the deferred tax provision taken last year for an amount of EUR 670k. The net results before taxes improved with EUR 121k compared to last year. The higher revenues and reduced amortization of goodwill more then compensated the increased operating expenses.

During 2005, the Company was able to improve its negative equity and turnaround to a positive equity through an equity increase of EUR 1.5m mainly thanks to net proceeds from the placement of new shares. These net proceeds were mainly used for investments in fixed assets both Financial assets as well as tangible and intangible fixed assets. The total cash flow was EUR -0.5m, and liquid funds at year-end amounted to EUR 0.2m. Based upon its current year operating plan and a new credit facility with ABN-AMRO Bank in the Netherlands signed in October 2005, the Company believes it has adequate cash and investment balances to fund its operations in the next financial year.

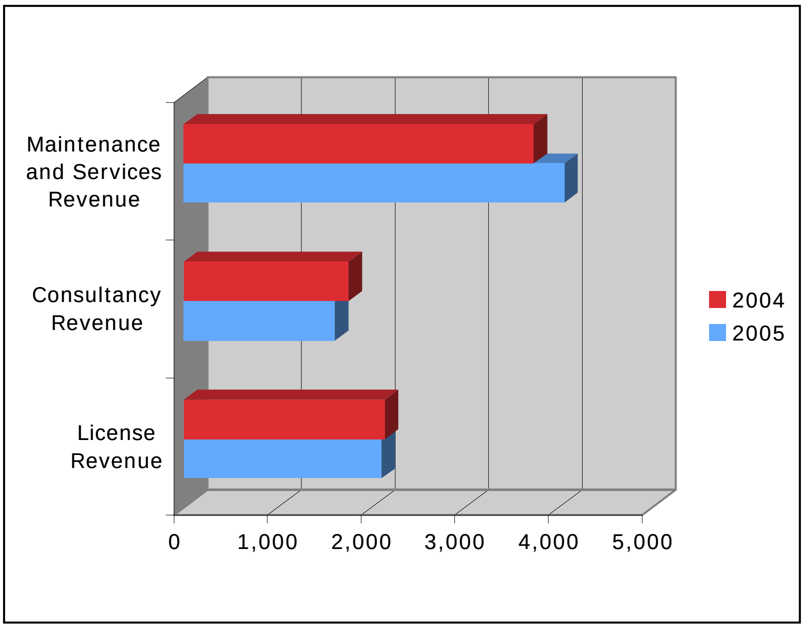
Net Revenue

Net revenues increased during the year to EUR 7.8m reflecting the impact of the acquisition of TIE France, an increase of sales revenues in The Netherlands minus a negative exchange impact because of the weakened US dollar.

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

	2005		2004	
License Revenue	2,135	27%	2,143	28%
Consultancy Revenue	1,729	22%	1,756	23%
Maintenance and Services Revenue	3,952	51%	3,736	49%
Other	10			
Total Net Revenue	7,826	100%	7,635	100%



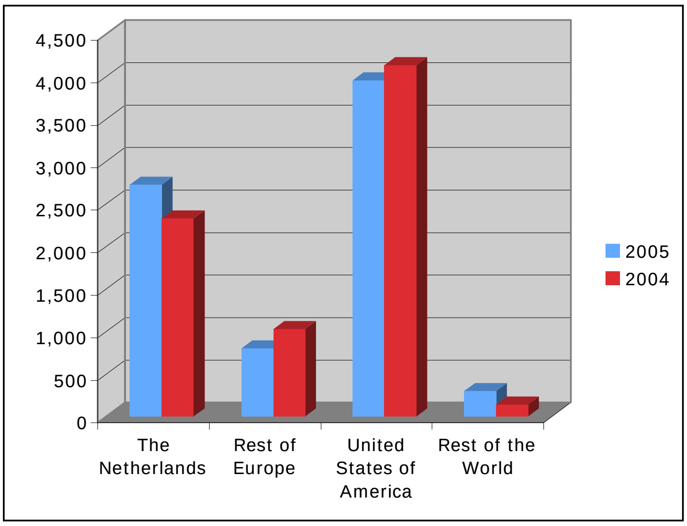
Maintenance revenue accounts for more than half of the total revenue. The Management Board puts a high emphasis on support, since high quality support ensures that existing customers will renew their maintenance contracts. The attrition in maintenance over the last year was less than 3%, which proves that TIE customers are satisfied with the products and the support. Consulting revenue for the year was lower than last year, which is a reflection of the renewed positioning of the Company, where TIE positions itself as a Software Vendor and leaves the consulting to its business partners.

The increase in revenue relates to the acquisition of TIE France, which increased revenue by EUR 0.3m, and higher revenues realized by TIE in The Netherlands of EUR 0.2m. The negative exchange impact of the US dollar versus the Euro was EUR 0.2m (2004: EUR 0.5m).

The slightly recovering economic circumstances did not stimulate companies to invest in IT structures, especially in the USA.

Net Revenue by region

	2005		2004	
The Netherlands	2,615	33%	2,241	29%
Rest of Europe	903	12%	1,031	14%
United States of America	3,958	51%	4,135	54%
Rest of the World	350	4%	228	3%
Total Net Revenue	7,826	100%	7,635	100%



Total net revenues increased year-on-year by 2%, mainly in the Netherlands with a 17% increase. Revenue in the USA measured in dollars was flat, measured in EURO, revenues in the USA decreased, which is to be contributed to an exchange rate impact of EUR 0.2m or 5%. The extra revenues as a result of the acquisition of TIE France of EUR 0.3m did not cause an increase of the revenue from the rest of Europe, since TIE resellers in Europe suffered from difficult market circumstances. From TIE Belgium as well as TIE Hungary revenues in 2005 were considerably lower than in 2004. The increase in the rest of the world relates to extra revenues in one deal with a reseller in Brazil.

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

	2005		2004	
Personnel Expenses	3,889	64%	4,332	76%
All Other Operating Expenses	2,189	36%	1,336	24%
Total Operating Expenses	6,078	100%	5,668	100%

The operating expenses increased with EUR 0.4m or 6% mainly as a result of the increase in other operating expenses with EUR 0.8m. The lower reversal of the provision for rentals resulting into higher accommodation costs compared to 2004 of EUR 0.5m, extra service fees as the result of the sale of FaciliTIE in December 2004 EUR 0.2m, increased marketing efforts in relation to the introduction of new products EUR 0.2m minus a positive exchange impact of EUR 0.1 m were the main reasons.

The sale of FaciliTIE resulted in a shift from salary expenses to service fees and contributed to the lower Personnel expenses which in combination with a reduced headcount and a positive exchange of EUR 0.1m resulted into a decrease of EUR 0.4m in Personnel 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. During 2005 special emphasis were made to prepare the new products for the USA market and further integrate the product line. Another new project started also in the USA to renovate an older US product and create a new version.

It is TIE's accounting policy to expense research activities and to capitalize development activities. In the year 2005 an amount of EUR 0.6m was capitalized (previous year EUR 0.3m), 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.

	2005	2004
Depreciation and amortization		
Fixed Assets	483	560
Amortization Goodwill	627	1,180
Total Depreciation & Amortization	1,110	1,740

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 (2004 EUR 0.3m). The goodwill relates mainly to the acquisitions made in 2000 and is amortized over a period of five years. Amortization costs of Goodwill decreased due to the sale of TIE Belgium and the end of the five year amortization period in March/April 2005. The acquisition of TIE France per April 13, 2005 and Nspyre per July 1, 2005 resulted into new goodwill amounts, which are also amortized this book year based on a five-year period.

Financial Results

	2005	2004
Total interest expense	48	199

Interest expenses this year were reduced by 76% compared to last year as a result of the repayment of the outstanding debts and conversion of Bonds into Share capital.

Income Taxes

The Management Board 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. The Management Board 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, 2005 and 2004.

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

The net fiscal result for TIE Commerce over the year 2005 after the deduction of the fiscal amortization of goodwill will remain taxable for an amount of at least EUR 0.3m, for that reason the Company activated the available loss carry forward for the same amount resulting in a tax amount of Euro 133k.

Cash Position

As of September 30, 2005 the Company had cash and cash equivalents of EUR 0.2m. In 2005, the cash flow used in the Company's operating activities was EUR -0.6m, mainly because of the increase in debtors and the decrease of the provision for rentals. Investments in Intangible fixed assets (Development costs) were EUR 0.6m, in goodwill EUR 0.3m and in tangible assets (purchased third party software and development) EUR 0.3m was invested. Financing activities generated EUR 1.5m, so the available cash funds of the Company decreased with EUR 0.5m.

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 2005, the Company capitalized EUR 0.6m for the development of its products. The current book value of total capitalized products amounted to EUR 0.8m at year-end. The capitalization relates to TIE's main new products such as TIE Messaging Center and Messaging Portal, the US version of TIE's Catalog manager and new versions in development for eVision. Technological feasibility for these products was established.

IFRS

The fiscal year of TIE Holding N.V. starts on October 1st. This means that as of October 1, 2005 TIE Holding is required to prepare its quarterly results and balance sheet based upon IFRS rules with comparable numbers for the previous year.

As a consequence the Balance per October 1, 2004 will have to be adjusted to comply with IFRS standards and serves as the opening balance (First Time Adoption). These adjustments will also have an impact on the numbers to the balance sheet per October 1, 2005.

The impact for TIE of IFRS is expected to be limited. The amortization of the goodwill for the acquisitions in 2000 is finalized. For the new acquisitions goodwill will not be amortized, but impairment tests will be made when required. Also there will be a impact on the Profit & Loss Account from outstanding personnel options and other financial instruments. All outstanding bonds have been converted into equity. On the balance sheet provisions are taken at nominal value, contrary to the discounted value under Dutch GAAP.

In February 2006, the Company will report its first quarter results under the new accounting standard for the first time. It is expected that by then most changes in legislation, circumstances as yet unknown will be finalized and that TIE is able to report under the standards expected to be final per December 31, 2005. At that time TIE also plans to produce a fully IFRS compliant version of the first quarter results in XBRL, the international financial reporting standard.

To date the Company has prepared itself, by making sure that the accounting staff is trained on the new rules. The Company is conducting an IFRS-scan with the help of outside specialists, to establish the precise impact.

Personnel

Staffing levels decreased from an average number of Full Time Equivalents (FTE) in 2004 of 80 staff to an average of 77 in 2005. This decrease is the result of reduced headcount in the US organization partly absorbed through the acquisition of TIE France and the sale of the FaciliTIE activities. The focus will continue 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%
FaciliTIE (Catering)				3	3	4%
TIE Nederland	8	9	13	5	35	43%
Total Netherlands	**8**	**9**	**13**	**9**	**38**	**48%**
TIE France	2	1	1	2	6	8%
Total Europe	**10**	**9**	**14**	**11**	**44**	**56%**
TIE Commerce (USA)	4	8	17	5	34	44%
Grand Total	**14**	**18**	**31**	**16**	**79**	**100%**
%	**18%**	**22%**	**39%**	**21%**	**100%**	

At year-end, the Company employed 79 FTE's, compared to 79 FTE's 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).

In November of 2005 new elections were held, where one new member was elected. The Worker's Council now consists of 3 members.

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TIE Holding NV

FINANCIAL STATEMENTS

for

the financial year 2005

October 1, 2004 - September 30, 2005

Financial Statements

Consolidated Balance Sheet at September 30, 2005

(Before proposed appropriation of results)

(Comments on page 38)

Assets

(EUR x 1,000)	Notes	September 30, 2005		September 30, 2004	
Fixed assets					
Intangible fixed assets	1)				
Goodwill		282		626	
Other intangible fixed assets		801		446	
			1.083		1,072
Tangible fixed assets	2)				
Fixtures and fittings		196		243	
Hardware and software		378		287	
Vehicles		-		-	
			574		530
Financial fixed assets	3)				
Deferred Taxes		820		670	
Loans		168			
Participating interests		2			
Other		-		4	
			990		674
Total fixed assets			2,647		2,276
Current assets					
Debtors	4)				
Trade debtors		1,554		855	
Social security prepaid		-		26	
Other receivables and prepay-ments		462		187	
			2,016		1,068
Cash and cash equivalents	5)		162		654
Total current assets			2,178		1,722
Total assets			**4,825**		**3,998**

Liabilities and Shareholder's Equity

(EUR x 1,000)	Notes	September 30, 2005		September 30, 2004	
Shareholders' Equity	6)		381		(1,170)
Long-term liabilities	7)				
Credit institutions			-		-
Provisions	8)		1.166		1,730
Current liabilities	9)				
Convertible Bond		-		23	
Credit institutions and banks		-		1	
Trade creditors		756		377	
Deferred revenue		1,596		1,578	
Affiliated companies		22		168	
Taxation and social security		260		422	
Other payables and accruals		644		869	
Total Current Liabilities			3,278		3,438
Total Liabilities			**4,825**		**3,998**

Consolidated Profit and Loss Account

(Comments on page 44)

(EUR x 1,000)	Notes	October 1, 2004 to September 30, 2005		October 1, 2003 to September 30, 2004	
Net turnover	10)	7,826		7,635	
Cost of sales		814		661	
Gross result			7,012		6,974
Selling & marketing expenses		1,559		1,315	
General, development & administrative expenses		5,002		4,913	
Amortization goodwill	11)	627		1,180	
Total expenses			(7,188)		(7,408)
Book profit sold fixed assets / subsidiary	12)		227		509
Dividend received	13)		25		34
Financial expense			(48)		(199)
Result on ordinary activities (before taxation)			28		(90)
Corporate income tax	14)		133		670
Result participations	15)		(99)		-
Net Result			**62**		**580**
Net result per share – basic			EUR 0.00		EUR 0.02
Weighted average shares outstanding – basic (thousands)			33,110		22,651
Net result per share – diluted			EUR 0.00		EUR 0.02
Weighted average share diluted (thousands)			33,886		25,620

Note: With reference to Article 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, 2004 to September 30, 2005		October 1, 2003 to September 30,2004	
Result on ordinary activities (before taxation)		62		(90)
Depreciation and amortization		1,110		1,740
Devaluation financial fixed assets		-		-
(Increase) decrease in debtors	(936)		476	
(Decrease) increase in current liabilities	(198)		(2,451)	
		(1,134)		(1,975)
		38		(325)
Increase (decrease) provisions	(570)		(1,424)	
Book Profit	(227)		(509)	
		(797)		(1,933)
Cash flow provided / (used) in operating activities		(759)		(2,258)
Investment in financial fixed assets	(301)		-	
Disinvestments (Investments) in subsidiaries			(2)	
Additions to intangible fixed assets	(932)		(318)	
Additions to tangible fixed assets	(270)		(281)	
Disposals of fixed assets	17		297	
Book Profit	227		509	
Cash flow used in investing activities		(1,259)		205
Increase (decrease) in long-term liabilities	-		(3,465)	
Increase (decrease) bank overdrafts/loans short term	-		(1,487)	
Redemption convertible Bonds	(3,581)		3,087	
Costs of shares and Bonds issued	(130)		(31)	
Shares issued and share premium	5,207		3,316	
Cash flow provided by financing activities		1,496		1,420
Total Cash Flow		(522)		(633)
Cash in transit per Sept 30 in relation to Conv. Bonds	-		329	
Exchange fluctuations	30		(24)	
		30		305
Change in cash and cash equivalents		**(492)**		**(328)**

Cash flow used in operating activities is EUR 0.8m negative. The positive impact in results after depreciation/amortization in 2005 has been eliminated through the increase in debtors, the reversed provision for rentals, the decrease in liabilities and the book profit. The company capitalized EUR 0.6m for new developed products compared to EUR 0.3m last year. In combination with the investments in goodwill through acquisitions (EUR 0.3m), the investments in financial fixed assets (EUR 0.2m) and the variance in disinvestments vs. last year of EUR 0.6m, the increase in cash flow used by investing activities amounting to EUR 1.4m, compared to last year, is explained.

Exchange variances between opening balance and closing balance cash and cash equivalents are excluded and shown separately under exchange fluctuations.

Presentation of Comprehensive Income

	October 1, 2004 to September 30, 2005	October 1, 2003 to September 30, 2004
Net result	62	580
Valuation differences foreign entities	(7)	25
Comprehensive income	55	605

Notes to the Consolidated Financial Statements

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.

General

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

All amounts are in EUR x 1,000 unless otherwise stated.

Basis of Presentation

Based upon its current year operating plan, the Company expects to improve reported positive shareholder's equity. The Company also believes that it will have adequate cash and investment balances to fund its operations, also in combination with the credit facility in The Netherlands arranged at the end of October and to be used to cover the variations in the cash flow stream. The trade receivables in the Netherlands are pledged for this credit facility.

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 revenues to fund its operations. If additional funds are raised through the issuance of equity securities, shareholders of the Company may experience additional dilution, or the securities may have associated rights, preferences or privileges. 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.

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

In previous years, the Company has taken cost reduction and profit improvement measures to improve cash flow from operations. 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.

Basis of Consolidation

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

Name	Statutory seat	Percentage
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%
Nextoria BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%
Nspyre Solutions BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%
TIE France SAS	Montpellier, France	50.25%

All subsidiaries have been consolidated in full.

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

Nspyre has been acquired effectively June 29, 2005 and is included in the consolidation as of that date. TIE France (50.25%) has been included as of acquisition date as well, which is April 13, 2005 using the full integration method.

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 Article 403, Part 9, Book 2 of the Dutch Civil Code.

Risks and Uncertainties

The preparation of financial statements in conformity with generally accepted accounting principles in The Netherlands requires the Management Board 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 2005 (2004:15%).

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 the Management Board'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 2005 (2004:15%).

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 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 differences 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 not taken into account.

The amounts activated reflect the tax value of timing variances between commercial and fiscal amortization of goodwill over the next coming three years. This amount is activated since the result before amortization of goodwill of TIE Commerce over 2005 is taxable and need to be compensated against available timing variances on the amortization of goodwill. The tax rate used equals the corporate income tax rate in the US or 40%. The total available fiscal amortization will remain for the next nine years; activation has only been made for a foreseeable period of three years. Per the end of each period the valuation of this financial asset will be reviewed again.

The deferred tax asset has been taken for the first time in the previous year thanks to improved results and decreased uncertainties for the future, since circumstances have not been changed materially compared to last year the activated amount on timing variances in dollars is the same as in last year which means that the deferred tax asset is only partially valued. The valuation of the deferred tax asset is based on current tax rates net of a valuation allowance.

Since the income in the US after deduction of the fiscal amortization on goodwill remains taxable for the equivalent of at least Euro 0.3m the relating tax amount, available through the loss forward, has been activated as well for an amount of Euro 133k. The corporate income tax rate in the US is 40%, while in the Netherlands corporate income tax rates vary from 31.5% in 2005 to 29.1% as from 2007.

Debtors

Debtors are stated net of a provision for doubtful debts.

Convertible Bonds

Convertible Bonds issued in previous year’s are now paid off and fully converted into share capital.

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% (2004: 4.75%) This discount rate is based on the interest rate paid on the outstanding Bonds during this year. This year two new provisions are added against nominal values, in TIE France a provision for indemnity payments relating to an employee who left the company before acquisition date and in Gordian Investments a provision relating to the earn-out clausal of the acquisition contract.

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.

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

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.

Except for the pension premium debt to an insurance company the Company has no interest bearing debts anymore per September 30, 2005.

Notes to the Consolidated Balance Sheet

(Accounts on page 30)

1) Intangible Fixed Assets

	Goodwill
Accumulated investments per October 1, 2004	15,536
Accumulated amortization per October 1, 2004	(14,910)
Net book value per October 1, 2004	626
Acquisition Nspyre	171
Acquisition TIE France	132
Translation adjustment	(20)
Amortization	(627)
Net book value per September 30, 2005	282
Accumulated investments per September 30, 2005	15,819
Accumulated amortization per September 30, 2005	15,537
Net book value per September 30, 2005	282
Depreciation period	5 years

The result of the impairment testing in financial year 2005 on the value of the goodwill has not led the Company to additional amortization charges during 2005.

A 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 4.5 years (2004: 5 months).

Other Intangible Fixed Assets

	Software development costs
Accumulated investments per October 1, 2004	1,111
Accumulated amortization per October 1, 2004	(665)
Net book value per October 1, 2004	446
Additions	630
Amortization	(275)
Net book value per September 30, 2005	801
Accumulated investments per September 30, 2005	1,741
Accumulated amortization per September 30, 2005	(940)
Net book value per September 30, 2005	801
Depreciation period	3 years

Development costs for new products are capitalized when technological feasibility is established. Additions during 2005 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 2005. The average remaining life- time is 17 months (2004: 15 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 September 30, 2005 reflects only a limited number of major products that are undergoing major revisions.

A legal reserve has been formed equal to the book value per September 30, 2005.

2) Tangible Fixed Assets

Movements in the financial year were as follows:

	Fixtures and Fittings	Hardware and Software	Total
Accumulated investment per October 1, 2004	2,989	1,539	4,528
Accumulated depreciation per October 1, 2004	(2,746)	(1,252)	(3,998)
Net book value per October 1, 2004	243	287	530
Additions	27	243	270
Transfers	(16)	(1)	(17)
Translation adjustments	(1)	-	(1)
Sub total	253	529	782
Depreciation charge for 2005	57	151	208
Net book value per September 30, 2005	196	378	574
Accumulated investments per September 30, 2004	2,999	1,781	4,780
Accumulated depreciation per September 30, 2004	2,803	1,403	4,206
Net book value per September 30, 2005	196	378	574
Depreciation periods	4-10 years	2-3 years	

It was not deemed necessary to take impairment losses on tangible fixed assets.

3) Financial Fixed Assets

Financial fixed assets relate to deferred tax, participating interests and the long-term part of the loan granted to the four (former) employees in relation to the sales of the FaciliTIE department. This loan has been granted for a five year period as of January 2005, with monthly annuity installments based on an interest percentage of 4%.

The original amount of this loan was EUR 250k, outstanding per September 30, 2005 EUR 216k out of which EUR 48k is reported under current assets and the long term part of EUR 168k is reported under financial fixed assets.

Deferred Tax Assets

As per September 30,2005 the Company recognized a deferred tax asset for an amount of EUR 820k. This tax asset relates to timing differences on the amortization of goodwill in the USA (EUR 687k) and an activated loss forward balance amounting to EUR 133k. From the total deferred tax asset of EUR 820k an amount of EUR 383K has a term shorter than one year.

The timing variance on the amortization of goodwill relates to the difference in fiscal amortization goodwill, 15 years, and commercial amortization, 5 years.

The remaining timing difference amounts to EUR 6m taxable income, which means a gross deferred tax asset of EUR 2.4m (2004: EUR 3m). For prudence reasons the deferred tax amount is only calculated over three years arriving at EUR 0.7m (2004: EUR 0.7m). The tax rate on which the deferred tax asset is calculated amounts to 40%.

Since the circumstances during 2005 did not change materially from the previous year, the amount calculated on this timing variance has been kept unchanged in US dollars. The impact on net profit in Euros is zero since the translation adjustment has been transferred to the foreign currency translation reserve.

The income after the fiscal amortization on goodwill remains taxable in the US over 2005 for at least EUR 0.3 m the available loss forward has been activated now for this amount against the tax rate of 40% resulting into a new tax amount and P&L impact of EUR 133k.

The foreign net operating loss carry forward amounts to approximately EUR 2.5m, the gross amount of this tax asset amounts to EUR 1m. These foreign net operating losses expire after 20 years which means that the available loss forward will not expire for the next 16 years (2004: 17 years).

At September 30, 2005, the Company had a net operating loss carry forward for the Netherlands corporate income tax purposes of approximately EUR 28m, which may be used to offset future taxable income and which does not expire. The gross amount of this tax asset amounts to EUR 9m.

For both the remaining loss forward in the USA as well as in the Netherlands the Company recorded a valuation allowance equal to 99% of the total amount available, (last year 100%).

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

Participating Interests

The movement can be broken down as follows:

	September 30, 2005	September 30, 2004
Net book value at beginning of period	4	2
Devaluation of participating interests	2	-
Acquisitions of participating interest	-	2
Net book value at September 30, 2005	2	4

In December 2001, the Company acquired 18% of the share capital in RetailConnect B.V. (Netherlands) for an amount of EUR 20k. The 18% participating interest has been depreciated in 2003 to nil because of the lower-than-expected results and a weak equity position. RetailConnect was financially restructured in 2005 and is now operating in the way it was intended, as an Information Warehouse for non-food retail.

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 cost (EUR 2k).

The results of these participations are not included.

The 30% participation in TIE France provided a dividend payable to TIE Holding amounting to EUR 25k. This receivable is recorded under inter-company balances and thus eliminated per September 30, 2005; the dividend income is included under ‘Dividend received’ in the consolidated Profit and Loss Statement.

Per April 13, 2005 the Company increased its share capital in TIE France from 30% to 51%, the French shareholders sold the other 49% of the shares to Mr. Roy Lücke, a senior manager of TIE International B.V. who became the Director of TIE France SAS per the same date. The valuation of TIE France was EUR 451k, the 21% increase was paid in cash, and amounted to EUR 89k. Gordian Investments (a 100% owned company of TIE Holding N.V.) became the 51% shareholder in TIE France. The 30% participation was valued at cost, because of the negative Equity in TIE France per April 13, 2005 the book value of the 30% participation amounting to EUR 2k, has been written off.

Per June 29, 2005 the Company acquired 100% of the share capital of Nspyre, a Dutch Supply Chain Integration Company. The business of Nspyre is fully integrated in the TIE operations in The Netherlands. This acquisition has been executed through the transfer of 300,000 new shares in TIE Holding N.V., valued at EUR 0.37, to the former shareholders of Nspyre. The lock-up period on these 300,000 shares is 2 years. The former shareholders being also employees of Nspyre are now on the payroll of TIE Nederland B.V. As part of the agreement a certain percentage of the Nspyre products sold in the coming three years will be paid to the former shareholders.

4) Debtors

Other Receivables and Prepayments

	September 30, 2005	September 30, 2004
Other receivables	107	31
Projects to be invoiced	92	
Employees	129	3
Prepayments	134	153
Total	462	187

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

Other receivables include deposits paid and advances made collectable within one year.

Projects to be invoiced reflect for the major part work performed for the European Commission Sixth Framework Programme under the project name “SEEMseed” based upon a contract signed in 2003, the subsidy is expected before the end of 2005 at the closure of the project.

The amount receivable from employees includes a EUR 100k loan at 4% annual interest, granted to the employee (Mr Roy Lücke) who acquired the 49% of the shares in TIE France, this loan is collateralized through real estate in the Netherlands since this employee moved to France and became the Director of TIE France SAS.

Also included in the amount receivable from employees is a receivable on one of the former shareholders of Nspyre, currently employee of TIE Nederland B.V., for an amount of EUR 12k with an interest rate of 4%.

5) Cash and cash equivalents

The reported cash balance is unrestricted available.

6) Shareholders' equity

Changes in capital en reserve have been included in the notes to the Company Financial Statements. The share premium reserve includes the deduction of the third party interest related to TIE France (49%) since no contract has been signed regarding recovery of deficits in equity with the minority shareholder.

7) Long-Term Liabilities

	September 30, 2005	September 30, 2004
Beginning of year	-	3,465
Transfer to convertible bonds	-	(2,500)
Redemption	-	(965)
Total	-	-

All long term liabilities were paid off during the year 2004, the factoring agreement with Silicon Valley Bank in the US is still in force per year end although no amounts were drawn during 2004 or 2005.

8) Provisions

	September 30, 2005	September 30, 2004
Opening Balance	1,730	3,165
Additions	83	-
Exchange difference	-	(19)
Reversal for the year	(347)	(490)
Additional reversal	(300)	(926)
Total	1,166	1,730

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 in 2003 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 during 2004 amounting to EUR 0.9m, reported under 'General, Development and Administrative Expenses'. The standard reversal for the year amounting to EUR 0.5m has been credited against rental cost included in 'General, Development and Administrative Expenses'.

During the summer of 2005 sub-rental agreements were closed in St Paul location in the USA. In The Netherlands the whole building has been sub-let now. The tenants are satisfied with the services offered and have no plans to terminate their contracts. That is why it is expected that until the end of the lease, no major parts of the building will be vacant again. The reversal in 2005 amounting to EUR 0.3m, has been calculated on the basis of two years rent for all tenants. When it is likely that the tenant will remain in the building until the end of the lease in 2010, the remaining rent has been taken into account.

Per September 30, 2005 the provision in the Netherlands for a remaining time of 4.5 years (2004: 5.5 years) and in the USA for a remaining time of 1 year (2004: 2 years) minus expected sub-rental income and discounted at a rate of 4.75% (2004: 4.75%) amounts to EUR 1.1m. An amount of EUR 0.3m will be reversed within one year.

The used discount rate of 4.75% equals the interest rate on the outstanding Bond until June 30, 2005 and as such is considered to be an appropriate interest rate for TIE Holding N.V.

In TIE France a provision for risks has been taken over which has been kept unchanged as of acquisition date, amounting to EUR 25k, this provision relates to a possible indemnity claim from an employee who has been made redundant in the year 2001.

One of the conditions from the acquisition of NSpyre was an earn-out agreement payable to the former shareholders of Nspyre equal to 40% of the license revenues for a period of three years. The calculated amount due has been activated under goodwill while at the same time a provision has been recognized equal to EUR 58k.

9) Current Liabilities

Convertible Bond

During the Financial year all outstanding convertible bonds have been converted into ordinary shares. All interest due has been paid.

Credit Institutions and Banks

This reflects the short-term part of the Bank of America note in the USA amounting to EUR 1k per September 30, 2004 at 6% interest and paid off during 2005.

Deferred Revenue

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

Taxation and Social Security Contribution

	September 30, 2005	September 30, 2004
Accrued Capital Tax	17	-
Payroll tax	32	53
Social security contributions	32	-
Pensions	84	152
VAT/Sales tax US	95	217
Total	240	422

All income tax returns due till 2004 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 claims, which has been reverted in 2005 since claims are not expected anymore.

The accrued capital tax relates to the shares issued after March 31, 2005, a major amount was issued per September 30, 2005.

Other Payables and Accruals

	September 30, 2005	September 30, 2004
Supervisory Board	30	40
Accrued expenses	299	323
Accrued expenses Board of Directors	-	54
Interest	7	18
Other accruals and payables	308	434
Total	644	869

The Company has no outstanding securities-collaterals or other commitments towards creditors per September 30, 2005 to secure the settlement of outstanding debts. See also the section Subsequent Events on page 59.

Notes to the Consolidated Profit and Loss Account

(Accounts on page 32)

10) Net Turnover

	October 1, 2004 to September 30, 2005	October 1, 2003 to September 30, 2004
Net Turnover		
Licenses	2,135	2,143
Consultancy	1,729	1,756
Service and maintenance	3,962	3,736
Total	7,826	7,635
Personnel expenses		
Salaries	3,142	3,655
Salaries variable part	217	144
Social security charges	403	392
Pension premiums	142	141
Total	3,904	4,332
Financial expense		
Bank interest and charges	(7)	1
Interest Long term loans/ Bonds	43	187
Exchange results	(7)	5
Other loans and debts	19	6
Total	48	199

11) Depreciation and Amortization

	2005	2004
Depreciation and amortization Fixed Assets, excluding goodwill	483	560
Amortization goodwill	627	1,180
Total Depreciation & Amortization	1,110	1,740

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 (2004: EUR 0.3m). The amortization on intangible fixed assets relates to capitalized development costs.

The amortization on goodwill shows a decrease vs. the previous year since the goodwill relates for the major part to the acquisition done in the year 2000. Because of the lifetime of 5 years the book value of the goodwill on these acquisitions is zero as at September 30, 2005.

12) Book Profit

	2005	2004
Book profit sale fixed assets / subsidiary	227	509

The book profit relate to the sale of office, canteen and kitchen equipment in the management buy-out of the FaciliTIE department. Total proceeds were EUR 250k for which a five-year loan is granted at 4% with monthly installments. Current outstanding amount is EUR 216k in total. (See also Financial Fixed Assets on page 40).

Last year's amount relates to the sale of TIE Belgium.

13) Dividend

	2005	2004
Dividend TIE France	25	34

TIE France declared a dividend in the favor of its shareholders, thus Gordian Investments a 100% affiliate of TIE Holding, over fiscal year 2004 which closed per January 31, 2005. This was before the acquisition of a majority share in TIE France by Gordian in April 2005.

14) Corporate Income tax

The timing variance between the commercial and fiscal amortization of goodwill taken over the next three years and has not changed in US dollars compared to last year. The amounts over the years 2004-2007 which have been reverted are similar to the amounts taken over the years 2005-2008. For that reasons the impact on the net profit is nil.

Compensation of taxable profits with available tax losses carried forward that have been valued for a small part since the result of TIE Commerce after the fiscal amortization of the goodwill remains taxable for an amount of at least EUR 0.3m, tax amount valued at 40% or EUR 133k.

15) Result of Participations

At the transfer date of TIE France Gordian Investments B.V. owned 30% of the shares in TIE France, because of the negative equity of TIE France per April 13, 2005 the Company recorded a negative participation loss.

	2005
Write off book value TIE France-change from cost price to fair value	(2)
30% share negative equity	(37)
Take over 49% share 3rd party shareholder	(60)
Total result participations	**(99)**

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)

		October 1, 2004 to September 30, 2005	October 1, 2003 to September 30, 2004
Net revenue			
The Netherlands		2,615	2,241[2]
Rest of Europe		903	1,031
United States of America		3,958	4,135
Rest of the World		350	228
	Total	7,826	7,635
Total costs / Net of other income (including depreciation and amortization)			
The Netherlands		4,144	3,092
Rest of Europe		334	98
United States of America		3,314	4,535
Rest of the World		6	-
	Total	7,798	7,725
Results			
The Netherlands		(1,529)	(852)
Rest of Europe		470	934
United States of America		777	270
Rest of the World		344	228
	Total	62	580
Total assets			
The Netherlands		4,135	3,597
Rest of Europe		263	-
United States of America		1,861	1,707
Rest of the World		-	-
Elimination		(1,434)	(1,306)
	Total	4,825	3,998
Total liabilities			
The Netherlands		12,412	13,814
Rest of Europe		395	-
United States of America		2,410	8,188
Rest of the World		1,407	1,401
Elimination		(11,799)	(19,405)
	Total	4,825	3,998
Total investments in intangible and tangible fixed assets			
The Netherlands		886	570
Rest of Europe		23	-
United States of America		293	29
Rest of the World		-	-
	Total	1,202	599

[2] The 2004 numbers includes an adjustment of EUR 90k in Revenue from the Netherlands to the rest of the World, consequently also in Results.

Total costs of EUR 8m for the year 2005 include EUR 1.1m depreciation and amortization charges. Depreciation and amortization charges relate for EUR 0.6m to the Netherlands and for EUR 0.5m to the United States of America. In the previous year, depreciation and amortization charges totaled EUR 1.7m (of which the United States of America EUR 0.8m and the Netherlands EUR 0.9m).

Income from subsidiaries and the book profit on the sale of fixed assets has been deducted from the total costs in the Netherlands for an amount of EUR 0.3m (2004: EUR 0.6m).

Also included are expenses for Research & Development for an amount of EUR 0.5m, including EUR 0.3m amortization of capitalized development costs, expenditures are made in the Netherlands EUR 0.3m and the US EUR 0.2m (2004: EUR 0.4m respectively EUR 0.3m).

Business Segment Information (Secondary Segment)

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

	Licenses	Maintenance	Consultancy	Total
Net Turnover	2,135	3,962	1,729	7,826
Total Assets	1,316	2,443	1,066	4,825
Intangible fixed Assets	296	548	239	1,083
Tangible fixed Assets	156	291	127	574

Personnel

The breakdown by department of headcount in FTE's per year-end is as follows:

	2005	2004
Research & Development	14	13
Selling & Marketing	18	12
Consulting & Support	31	27
General & Administrative	16	27
Total	79	79

The average number of personnel during financial year 2005 amounted to 78 compared to 80 in the preceding year. The Company downsized significantly in the period 2001-2004. Total headcount as per year-end is the same as last year, mainly as the result of the new acquisitions. The decrease in General & Administrative is mainly the result of the sale of the FaciliTIE department.

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 231k (2004: EUR 268k including EUR 54k bonus) and EUR 40k (2004: 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	2005	2004
Fixed remuneration	187	179
Pension premium	44	35
Variable part	-	54
Total	**231**	**268**

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 54k.

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 in The Netherlands only. There is no long-term commitment in respect of these lease agreements. The monthly lease charge at September 30, 2005 amounted to EUR 26k.

Rental Agreements

Under the rental agreements concluded, the annual rental charge, including service costs for all TIE offices, is approximately EUR 1.3m (2004: EUR 1.2m). The remaining term of the lease is approximately 4.5 years. Rentals due within 1 year amount to EUR 1.3m, rentals due between 1 and 5 years amounts to EUR 3.0m.

Other

Related Party Transactions

As at September 30, 2005, 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 (app. 19%) 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 B.V. and CSD Nederland B.V., 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 Nederland at an interest rate of 8%, equal to the Berkshire loan. In 2005 an interest charge of EUR 18k was included in financial expenses. During that time TIE has paid certain amounts on behalf of CSD Investments, which allowed CSD Investments to meet her financial obligations. By the end of September 2005 the outstanding amount due to CSD Nederland was deducted with the outstanding receivable on CSD Investments through an agreement between CSD Investments B.V., CSD Nederland B.V. and TIE Holding.

The total amount payable by TIE Holding N.V. to CSD Nederland B.V. and CSD Investments B.V. per September 30, 2005 amounted to EUR 27k (2004: EUR 268k). This amount has been transferred in November 2005.

Under Financial Fixed Assets (on page 40) is disclosed that the company sold the FaciliTIE business to four (former) employees of the company and granted a loan to finance the transaction. One of these employees is Mr. R.F. Raman, brother of the Drs. Th.H. Raman, CEO of the Company.

During 2004 the Company placed Convertible Bonds with De Vries Robbé Groep NV. These Bonds have now been converted to 5 million ordinary shares in TIE Holding, which constitutes a 12% stake in TIE Holding. During 2004 the Company also reached an agreement with DVRG on a 20% minority interest in TIE Hungary.

Company Balance Sheet At September 30, 2005

(Before proposed appropriation of results)

Assets

(EUR x 1,000)	Notes	September 30, 2005	September 30, 2004
Fixed assets			
Intangible fixed assets	16)	-	199
Tangible fixed assets	17)	273	184
Financial fixed assets	18)	1,432	845
Total fixed assets		1,705	1,228
Current assets			
Debtors	19)	143	19
Cash and cash equivalents	20)	4	451
Total current assets		147	470
Total assets		1,852	1,698

Liabilities and Shareholders' Equity

	Notes	September 30, 2005		September 30, 2004	
Shareholders' equity	21)				
Issued and paid-up share capital		4,107		2,832	
Share premium		43,628		40,220	
Legal reserves		834		447	
Convertible Bonds	22)	-		3,581	
Other reserves		(48,250)		(48,830)	
Net Result		62		580	
			381		(1,170)
Long term credit facility			-		-
Provisions	23)		70		1,525
Convertible Bond			-		23
Affiliated Companies	24)		35		242
Creditors	25)		1,366		1,078
Total shareholders' equity and liabilities			1,852		1,698

Company Profit and Loss Account

	October 1, 2004 to September 30, 2005	October 1, 2003 to September 30, 2004
Result of participating interests	757	959
Loss on ordinary activities before taxation	(695)	(379)
Corporate income tax credit	-	-
Net Result	62	580

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 Article 402, Part 9, Book 2 of the Dutch 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.

Notes to the Company Balance Sheet

16) Intangible Fixed Assets

	Goodwill
Accumulated Investments per October 1, 2004	6,392
Accumulated amortization per October 1, 2004	(6,193)
Net book value per October 1, 2004	199
Amortization	199
Net book value per September 30, 2005	-
Accumulated Investments per October 1, 2005	6,392
Accumulated amortization per October 1, 2005	6,392
Net book value per September 30, 2005	-

The goodwill as a result of the acquisition of the former DNS Worldwide Inc in the USA during March 2000 has been completely written off as per March 2005. The goodwill of the 2005 acquisitions being TIE France and Nspyre has been recorded in the books of Gordian Investments, a 100% affiliate of TIE Holding N.V. and the shareholder of the acquired companies. As such this goodwill is not included in the Balance sheet of TIE Holding N.V.

17) Tangible Fixed Assets

	Hardware and Software
Accumulated Investments per October 1, 2004	240
Accumulated depreciation per October 1, 2004	(56)
Net book value per October 1, 2004	184
Additions	172
Depreciation charge for 2005	(83)
Net book value per September 30, 2005	273
Accumulated investments per September 30, 2004	412
Accumulated depreciation per September 30, 2004	(139)
Net book value per September 30, 2005	273
Depreciation periods	3 years

Investments for an amount of EUR 172k relate to My-TIE, the purchased 3rd party software and consultancy to automate and integrate the complete sales-logistic and administrative handling.

18) 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 per October 1, 2004	831	14	845
Share of net result	757		757
Capital Increase TIE Commerce	5,445	(5,445)	
Amounts written off in previous year's	(5,445)	5,445	
Transactions inter-company loans	-	1,292	1,292
Transfer to loans against deficit in equity	704	(704)	-
Transfer from provision for equity deficit, write off loans	(1,455)		(1,455)
Foreign exchange difference	(7)		(7)
Net book value per September 30, 2005	830	602	1,432

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 but do not include subordinated loans anymore (2004: EUR 5.4m at an interest level of 6% p.a.). The outstanding subordinated loan in the USA has been converted into share premium.

19) Debtors

	September 30, 2005	September 30, 2004
Short term loan to employees	102	-
Employees	13	-
Other receivables and prepayments	28	19
Total	143	19

The short term to an employee appointed as the Director of TIE France SAS and minority shareholder for 49% in TIE France carries an interest rate of 4% and is collateralized through real estate in the Netherlands.

20) Cash and Cash Equivalents

No amounts were restricted.

21) Shareholders' equity

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, 2005 a total of 41,070,725 ordinary shares of EUR 0.10 each, are paid-up and called-up, resulting in issued and paid-up share capital of EUR 4,107,073. 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 2005 3,550,000 ordinary shares were issued at an average price of EUR 0.42, in addition 8,900,000 shares were converted at an average price of EUR 0.40 from the convertible bonds placed with Mercurius Capital on August 29, 2003, Smaal Beheer placed September 20, 2003, Mr. Manders placed November 18, 2003, Smaal Beheer placed February 5, 2004 and the DVRG group placed February 29, 2004.

For the acquisition of Nspyre 300.000 shares were issued to the former shareholders of Nspyre at a price of EUR 0.37.

The equity is broken down as follows:

	2005	2004
Issued and paid-up share capital		
Opening Balance	2,832	1,914
Shares issued	1,275	918
Closing Balance	4,107	2,832
Share premium account		
Opening Balance	40,220	37,294
Costs shares and Bonds issued	(130)	(30)
Transferred to legal reserve	(387)	(23)
Transfer to foreign currency translation reserve	(7)	25
Shares issued	3,932	2,954
Closing Balance	43,628	40,220
Foreign currency translation reserve		
Opening Balance	-	-
(Deductions) /additions	(7)	25
Transfer to share premium account	7	(25)
Closing Balance	-	-
Legal reserves		
Opening Balance	447	424
Transferred from share premium account	387	23
Closing Balance	834	447
Convertible Bonds		
Opening Balance	3,581	722
Bonds issued	-	3110
Bonds converted to shares	(3,581)	(228)
Transfer to short term liabilities	-	(23)
Closing Balance	-	3,581
Other reserves		
Opening Balance	(48,830)	(35,113)
Appropriation of result prior year	580	(13,717)
Closing Balance	(48,250)	(48,830)

A legal reserve has been created with respect to the capitalized software development costs (EUR 801k). An extra legal reserve amounting to EUR 30k has been taken, to cover the increase in the shareholders capital of Nspyre, which was financed through a loan to the former shareholder of Nspyre now an employee of TIE. Furthermore a legal reserve has been formed for an amount of EUR3k relating to unpaid shares of Nspyre.

22) Convertible Bonds

During the year all outstanding bonds have been converted into shares at the conversion prices contractually agreed upon. As such 8,900,000 shares have been issued at an average price of EUR 0.40 redeeming an amount of EUR 3,581,000 of the outstanding Bonds per September 30, 2004.

Employee Stock Option Plan

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 Employee Stock Option Plan, employees leaving the Company lose their options which are available for re-issuance later on. As such there were over 0.9 m options available per October 1 2004 of which 0.4 m options originally granted in the year 2001 and ending during 2005.

Due to a change in legislation in The Netherlands, all options issued after January 1, 2005 will be taxed on the gain. This was reason to make some alterations to the Employee Stock Option Plan. Options can now be exercised three years after they were issued, provided the employee is still employed by TIE. The exercise period is seven years.

On a proposal from the Supervisory Board, the General Shareholders Meeting decided to grant 500.000 options to the CEO in February 2005 at a strike price of EUR 0.41.

In April 2005 it was decided to reissue the 2001 options to the employees who were still on the payroll, as such 273.033 options were granted at a strike price of EUR 0.46.

Per September 30, 2005, a total of 1.232.932 options have been issued through the regular Employee Stock Option Plan at a strike price of EUR 0.34 to all employees in the Netherlands, France and the United States.

Option Plan	Date	Options Granted	Cancelled	Outstanding Options	Exercise Price	End Date
2001 Netherlands	Sep 28, 2001	354,488	354,488	-	EUR 0.63	Mar 2005
2001 Supervisory Board	Sep 28, 2001	65,000	65,000	-	EUR 0.63	Mar 2005
2001 Belgium	Sep 28, 2001	74,062	74,062	-	EUR 0.59	Jun 2005
2001 USA	Sep 28, 2001	258,750	258,750	-	EUR 0.63	Mar 2005
2002 Netherlands	Sep 27, 2002	787,227	418,271	368,956	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	19,199	91,348	EUR 0.57	Jun 2006
2002 USA	Sep 27, 2002	533,198	414,092	119,106	EUR 0.57	Mar 2006
2003 Netherlands	Sep 30, 2003	497,614	47,622	449,992	EUR 0.31	Mar 2007
2003 USA	Feb 3, 2004	500,000	200,000	300,000	EUR 0.28	Apr 2007
2003 CEO	Feb 3, 2004	350,000		350.000	EUR 0.32	Oct 2007
2004 Netherlands	Sep 30, 2004	518,317	53,370	464,947	EUR 0.47	Mar 2008
2004 USA	Sep 30, 2004	315,040	50,120	264,920	EUR 0.41	Mar 2008
2005 CEO	Feb 23, 2005	500,000		500,000	EUR 0.41	Apr 2015
2005 Netherlands (2001)	Apr 1, 2005	216,033		216,033	EUR 0.46	Apr 2012
2005 USA (2001)	Apr 1, 2005	57,000		57,000	EUR 0.46	Apr 2012
2005 Netherlands	Sep 30, 2005	556,965		556,965	EUR 0.34	Oct 2015
2005 USA	Sep 30, 2005	556,967		556,967	EUR 0.34	Oct 2015
2005 France	Sep 30, 2005	119,000		119,000	EUR 0.34	Oct 2015
Total				4,495,234		

During the years 1999-2005 a total number of 4.5m options have been allotted to the personnel, the Management Board and the Supervisory Board. None of the options issued have been exercised. A total number of 4,495,234 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 4,766 options.

Other Stock Options

The following is a summary of the Company's stock option activity, during the year 2005 no new transactions have been made:

	Date	Options Granted	Exercise Price	End Date
Delta Lloyd Bank N.V.	Dec 20, 2000	100,000	EUR 0.50	Dec 2008
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		1,100,000		

These options were all issued in relation to credit facilities offered to the Company by the various lenders. The Company intends to issue new shares for the coverage of the outstanding options. This policy will be reviewed from time to time.

The above stated table excludes the in May 2001 granted options to Navigator Investments Holdings Ltd. for a total of 500,000 options which expired in November 2005. The options to Berkshire Investments that were cancelled in December 2005 are also excluded from this overview (see subsequent events on page 59).

Shares and Shareholders

The interests in the capital of the Company of the Members of the Management Board and Supervisory Board at September 30, 2005 are shown below.

	Shares	Options
Beginning Balance	5,938,339	519,457
Granted or acquired	-	571,713
Cancelled or sold	-	(20,000)
Ending balance	5,938,339	1,071,170

Specification by Board member

	Ordinary Shares	Options to acquire Ordinary Shares
J.W. Cutts	-	20,000
B. Geersing	-	35,000
Th.H. Raman	5,938,339	1,016,170

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

Year	Exercise Price	End Date	B.Geersing	J.W.Cutts	Th.H.Raman	Total
Sep 2002	0.65	Mar 2006	35,000	20,000	-	55,000
Sep 2003	0.31	Mar 2007	-	-	48,704	48,704
Feb 2004	0.32	Mar 2007	-	-	350,000	350,000
Sep 2004	0.47	Mar 2008	-	-	45,753	45,753
Feb 2005	0.41	Apr 2015	-	-	500,000	500,000
Sep 2005	0.34	Oct 2015	-	-	71,713	71,713
Total			35,000	20,000	1,016,170	1,071,170

On September 30, 2005 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.

23) Provisions

Equity Deficit Subsidiaries

There is a Provision for equity deficit for subsidiaries.

	2005	2004
Opening Balance	1,525	866
Addition/(Deduction)	(1,455)	659
Closing Balance	70	1,525

Rental Obligations

	2005	2004
Opening Balance	-	2.835
Transfer to TIE Nederland B.V.	-	(2.835)
Closing Balance	-	-

24) Affiliated Companies

The amount reported reflects the outstanding current balances to CSD Nederland B.V. and CSD Investments B.V. The loan granted by CSD Investments at 8% through the deposit placed at Berkshire Investments on behalf of TIE mid 2004 is settled against the outstanding current balance of CSD Nederland through a cession agreement by the end of September, the remaining current balance as reported is interest free.

25) Creditors

	September 30, 2005	September 30, 2004
Trade creditors	290	262
Taxation and social security contributions	56	5
Pension premiums	-	-
Amounts owed to affiliate companies	-	-
Inter-company payable	828	461
Other payables and accruals	192	350
Total	1,366	1,078

Notes to the Company Profit and Loss account

Personnel Expenses

	October 1, 2004 to September 30, 2005	October 1, 2003 to September 30, 2004
Salaries including variable part	204	197
Social security charges	9	11
Pension premiums	44	33
Total	257	241

The expenses shown above include the fee for the Supervisory Board for an amount of EUR 40k (2004: EUR 40k). The average number of personnel during financial year 2005 amounted to 1 (2004: 1).

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, 2005 amounted to nil.

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 EUR 0.8m, the medium term is EUR 2.7m and long term EUR 0.0m.

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 Article 403, Book 2 of the Dutch Civil Code.

Amsterdam (Schiphol-Rijk), December 29, 2005

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

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 Management Board proposes that the net profit of EUR 63K 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.

The Management Board 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, 2005 and subsequent financial years. Payment of dividends can be made either in cash or in stock.

Subsequent Events (unaudited)

Per the end of October the Company signed a credit facility agreement with ABN-AMRO, the trade receivables of TIE Nederland B.V. are pledged against this credit facility, interest rate equals market rate.

By the end of December an agreement has been reached with Berkshire Investments BV on the purchase and cancellation of the 6 million options that were granted in relation to credit facilities in 2001 and 2003.

Auditors' Report

Introduction

We have audited the financial statements of TIE Holding N.V., Amsterdam (Schiphol-Rijk), for the year October 1, 2004 – September 30, 2005 as set out on pages 30 to 59. 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, 2005 and of the result for the year October 1, 2004 – September 30, 2005 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, The Netherlands, December 29, 2005

ERNST & YOUNG ACCOUNTANTS

H. Hollander
Partner

P.A.A. Lucas
Partner

Where to find TIE...

TIE Holding NV

Beech Avenue 180
1119 PS Amsterdam (Schiphol-Rijk)
The Netherlands
Tel: +31-20-658 99 03
Fax: +31-20-658 99 02
E-mail: info@TIEglobal.com

TIE Nederland BV

Beech Avenue 162
1119 PS Amsterdam (Schiphol-Rijk)
The Netherlands
Tel: +31-20-658 90 00
Fax: +31-20-658 90 01
E-mail: info@TIE.nl

TIE Belgium NV/SA

Duwijckstraat 17
2500 Lier
Belgium
Tel: +32-28-00-06-34
Fax: +32-28-00-06-01
E-mail: info@TIE.be

TIE Commerce Inc

Boston Office
24 New England Executive Park
Burlington, MA 01803-5080
United States of America
Tel: +1-781-272 4252
Fax: +1-781-272 5485

St. Paul Office

1435 Energy Park Drive
St. Paul, MN 55108
United States of America
Tel: +1-651-999 86 00
Fax: +1-651-999 88 80
E-mail: info@TIEcommerce.com

TIE France SAS

Parc Club du Millenaire, BAT 19
1025 Rue Henri Becquerel
34036 Montpellier, Cedex 1
France
Tel: +33-46-71 59 100
Fax: +33-46-72 01 721
E-mail: info@TIEfr.com

TIE Holding NV
Beech Avenue 180
1119 PS AMSTERDAM (Schiphol-Rijk)

Postbus 22909
1100 DK AMSTERDAM
Nederland

Tel: +31-20-658 9903
Fax: +31-20-658 9902
e-mail: info@TIEglobal.com
http://www.TIEglobal.com