TIE Holding NV

Annual Report

for the financial year 2006

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 Financial Statements 2006 (October 1, 2005-September 30, 2006).

Cautionary Statement on Forward-Looking Information

Certain statements contained in this Report are "forward-looking statements". Such statements may be identified by among others:

- The use of forward-looking wording such as "believes", "expects", "may", "anticipates" or similar expressions;
- By discussions of strategy that involve risks and uncertainties;
- 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, 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 market

Many of these factors are beyond TIE'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 2006

October 1, 2005 - September 30, 2006

joining vision
experience and

Financial Highlights

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

	2006	2005
Financial Results		
Revenues	8,434	7,900
Depreciation and Amortization Expense and Impairment Losses	662	428
Net Income	1,041	567
Equity		
Total Shareholders' Equity	2,649	993
Total Equity Instruments	2,140	-
Total Equity	4,789	993
Employees (expressed as full time equivalents)		
Average Number of Employees	81	79
Per Share of Ordinary Shares		
Net Income	0.02	0.02
Shareholders' Equity	0.06	0.02
Number of Shares Outstanding at Year End (x 1,000)	43,821	41,071
Weighted Average Number of Shares Outstanding (x 1,000)	42,554	33,075
Fully Diluted Weighted Average Number of Shares Outstanding (x 1,000)	43,531	33,445
Share Price		
Last Trading Day in Financial Year	0.33	0.34
Highest	0.46	0.59
Lowest	0.30	0.32

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Letter to the Shareholders

For TIE, 2006 has been a landmark year. In addition to demonstrating positive revenue growth and improvement in net income reported year to year, the Company has increased its market penetration with new product lines. We have also opened up new revenue opportunities by being able to provide TIE software as a specialized hosting and outsourcing service. Software as a service (SaaS) has generated significant interest from TIE customers. They recognize the exceptional value in trusting an existing partner with TIE's experience to manage critical business-to-business integration (B2Bi) exchanges. As a result, TIE expects SaaS to be a high-potential activity for the Company in 2007.

The acquisition of Digital Channel provided TIE with a considerable additional revenue stream. As the Digital Channel concept is introduced to the US market in 2007, we expect revenue to increase. The combination of TIE's Digital Channel and other products yielded a number of important successes in 2006, and next year promises to deliver even more. The addition of the Digital Channel customer base has already shown multiple cross-sell opportunities both in the Netherlands and in the US.

TIE continues to grow its business in many areas, most notably supply chain integration, data synchronization, and product information management. Our strategy in 2007 will be more pointed than ever, and consequently we expect Business Interoperability to be an important topic for our customers.

In 2007, we will continue to provide our customers with industry-leading solutions that support electronic business collaboration with industry and supply chain partners. But we are very excited about the new opportunities awaiting us with the launch of our new Business Interoperability Platform: TIE Kinetix^{tm}. This will enable us to address the market in new ways. Firstly, we will introduce the Digital Channel concept to new markets, helping manufacturers and their resellers realize the benefits of our channel-wide communications solution and more dynamic merchandising activities. Secondly, we will use our experience in doing business in the traditional supply chain to help Internet companies streamline their own business processes, and better their ability to fulfill the demands from the market. Many of today's Internet companies have reached critical mass: demand is so high they can no longer manage the delivery of products. TIE can help them latch on to the traditional supply chain where business is done electronically in a very efficient manner. At the same time our "online" experience can help our traditional customers to increase the demand for their products.

This year we are celebrating our 20th anniversary. This is an occasion we will celebrate with our customers and personnel. We have seen two decades of a turbulent nature, since I founded the company on July 1, 1987. I am sure that the future has more in store for us, but we have this company on a steady course. We are confident that 2007 will bring many exciting challenges. We are ready to deal with these and make this year a successful one.

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

Report from the Supervisory Board

To the general meeting of shareholders

The Supervisory Board of TIE Holding N.V. exercises supervision over the policies adopted by the Management Board and the general business of the Company. Furthermore, the Supervisory Board provides the Management Board with advice and therefore there is a close and frequent consultation between the members of the Supervisory Board and the members of the Management Board.

General Business

The Supervisory Board supervised and monitored the operation of the business of TIE in terms of:

- The achievement of the objectives of the Company and of its management

The Supervisory Board discussed the objectives of the Company and monitored the development of results and the actual results versus the targets set in the annual operating plan. The Supervisory Board supervised the measures taken to ensure an effective organizational structure and decided in November 2006 to nominate Jan Sundelin to the Board of Management as Chief Sales Officer, with global responsibility for Sales & Marketing.

In this Annual Report the Company will discuss its operational and financial objectives, as well as the strategy to achieve these objectives and related parameters, which have been submitted to the Supervisory Board for approval. The Management Board as well as the local management teams have set clear performance objectives for 2007. The emphasis, as ever, is on growth and sustainable profitability whilst focusing on continued customer success and satisfaction. This will provide our shareholders with the best return on their investment. The Supervisory Board wholly endorses this approach.

- The corporate risk profile and the internal risk management and control system

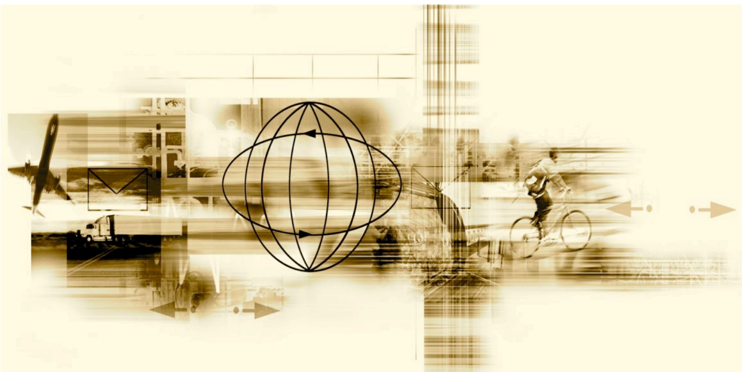
The Supervisory Board discussed the operation of My-TIE and the Company's risk profile with the Management Board. The Supervisory Board convinced itself that the risk profile of TIE is adequately understood, monitored and acted upon by the Management Board. The Supervisory Board is satisfied with the structure and operation of the internal risk management and control system and is convinced that its (financial) consequences have been reflected in the Company's business processes and accounting policies.

- The corporate merger and acquisition strategy

The Supervisory Board discussed the strategic options for growth that satisfied the requirements of being both earning- and Shareholder Value enhancing. The acquisition of Digital Channel was recognized as an interesting option for growing the product portfolio and the market potential. Other targeted acquisitions will be revenue and profit enhancing as well.

- Corporate financial reporting process

The Supervisory Board monitored the accounting process as well as the transition to, and compliance with, IFRS Reporting. In order to ensure the quality of the financial reporting process and to discuss the findings on the financial statements, the Supervisory Board met with Ernst & Young, being TIE's auditors, without members of the Management Board being present. The Supervisory Board also consulted the IFRS consultant and now Chief Financial Officer of the Company, Chris van Overbeeke.



Policies

The Supervisory Board supervised and monitored the implementation of the following policies:

- Compliance with legislation and regulations

The Supervisory Board monitored compliance with the requirements of EuroNext and the government and is hereby assisted by the Secretary of the Board.

- The Compensation Policy of the Management Board

The Compensation Policy was implemented in accordance with the decision by the general meeting of shareholders. The President of the Management Board received a remuneration amounting to 245k. Because the Company reached its target of a significant increase in revenue, net profitability and equity, the President of the Management Board received a bonus of 25% of his remuneration. With the launch of the 2006 Employee Stock Option Plan, the President of the Management Board received 176,747 stock options.

For the full text of the policy regarding the remuneration of the Management Board, we refer to the Compensation Policy, which is posted at the corporate website.

Meetings of the Supervisory Board

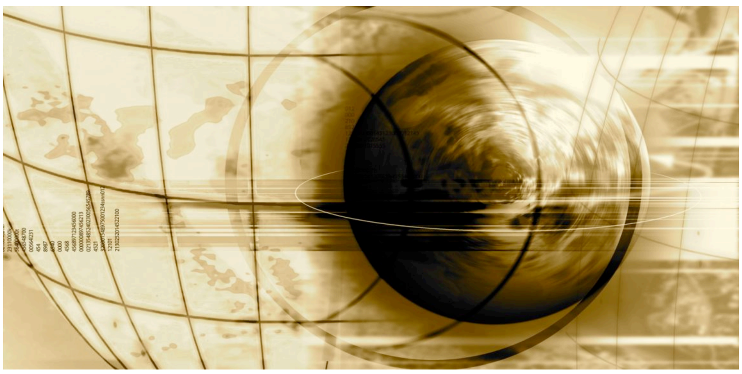
In the financial year 2006, the Supervisory Board held quarterly meetings, which were attended by all board members either in person or by telephone. For discussions on specific items, conference calls were set up.

During the course of these meetings, the Supervisory Board evaluated the functioning of the board as a whole and the functioning and independence of its individual members. The Supervisory Board discussed the desired profile, composition and competence of the board. In the general meeting of shareholders, John Cutts was reappointed for his second 4-year term. During the course of the year, John Cutts indicated that his other responsibilities required more time. Therefore Ton Veth succeeded him, as chairman of the Supervisory Board.

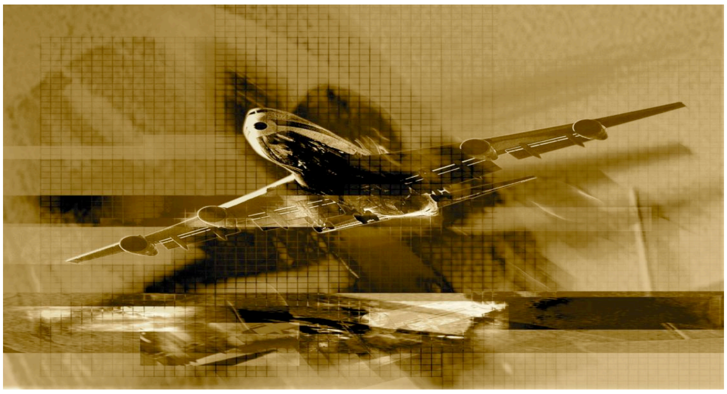
The Supervisory Board also evaluated the performance of the Management Board, without the members of the Management Board being present. The Supervisory Board decided that the performance targets as set by the general meeting of shareholders at the beginning of the year, were met and therefore the President of the Management Board should receive his bonus.

A.F.L. Veth

Chairman, Supervisory Board TIE Holding NV



	Ton Veth	John Cutts	Dick Benschop
			
Gender	Male	Male	Male
Age	60	56	49
Nationality	Dutch	British	Dutch
Principal position	CEO & President, Cebra B.V.	Chief Executive, Pall Mall Capital Ltd.	Vice President and Managing Director Shell Gas & Power
Other positions	None	Chairman BPL Holdings Ltd. Chairman DCM Holdings (Jersey) Supervisory Board member Dussmann KGaA	None
Date of initial appointment	May 2003	August 2001	June 2005
Current term of office ends	May 2007	February 2010	June 2009
Supervisory Board memberships of other public companies	None	None	None



Company Profile

TIE bridges the gap between online and traditional business, and helps industry and supply chain partners achieve electronic business collaboration without limitations. For 20 years we have been providing customers with solutions for Business Interoperability — the power to connect applications and processes with those of their external trading partners.

To that end, TIE solutions address our customers' most pressing issues in Business-to-Business Integration, Data Synchronization, Trading Partner Collaboration, and Digital Channel Communications. They are proven to lower costs, increase sales, optimize business processes, and improve efficiency while removing the barriers to eBusiness information exchange for thousands of customers in multiple industries worldwide.

TIE provides its software as a license or as a service (SaaS). All of our services are designed to enhance the value of our software and deliver essential business benefits. Our expert resources and carefully selected partners ensure that we can provide all of our customers with quality service and superior value.

With decades of experience to share, TIE remains a key contributor to the development and implementation of global eCommerce standards. Today we are the partner that industry leaders turn to for business-to-business success.

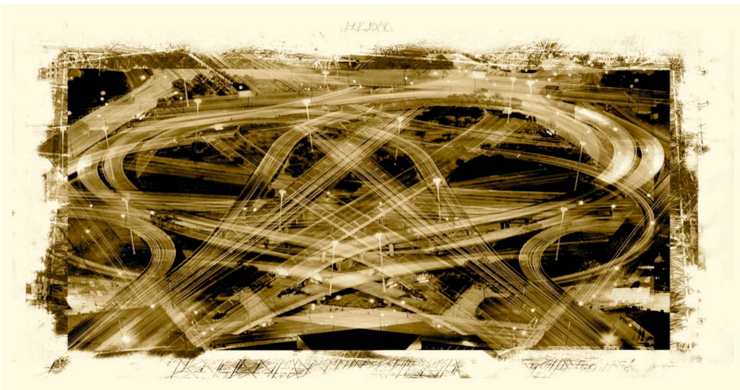
Founded in 1987, TIE is a listed company (2000) with offices in the United States, France, and the Netherlands.

Vision Statement

"Companies need Business Interoperability to Survive."

Regardless of whether a business operates in the real world or online, the power to connect applications and processes with those of their supply chain partners is a necessity. While many traditional companies have been through the trenches when it comes to establishing their supply chains, there are far more online merchants struggling to understand how it works. As their businesses continue to grow at an incredible pace, online companies are realizing that Business Interoperability is more than just a matter of customer service or operational efficiency. It is a matter of survival.

The most basic definition of Business Interoperability is the ability to exchange information, and most companies are able to do this today using a wide range of technical solutions, from EDI to XML to value-added network services. But as more and more business is conducted electronically, the definition of Business Interoperability needs to be expanded. Companies have the ability to share data, but are they confident that the information is accurate, up to date, and being shared in an efficient manner? Is it in a format that all of their trading partners are able to process? And most importantly, how can companies achieve tighter integration with trading partners to reduce the risk of human error?



Traditional companies want to squeeze every last penny of cost out of the supply chain. Online companies are eager to plug into the supply chain as a matter of survival. And the savviest among all these companies are looking for ways to transform their supply chain into more of a profit center. We see these trends often 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, and manufacturers are putting pressure on their resellers to be more active in marketing their products. By improving their Business Interoperability, companies can meet these demands and gain an all-important competitive edge in what is an increasingly "virtual" 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 Business Interoperability through B2B Integration and Data Synchronization".***

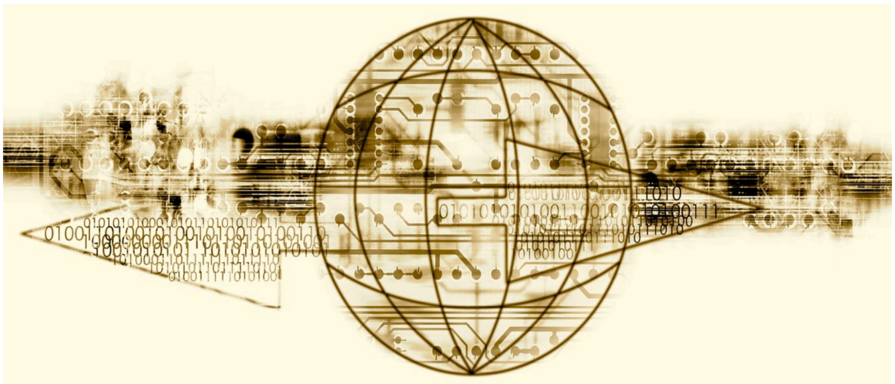
TIE's mission is to provide its customers with software that is at the highest level of usability, now and in the future. Throughout the Company's history, TIE has been among the first providers of new concepts and new technology. The work that TIE is performing in global standardization has enabled the Company to provide customers with software that supports the latest standards and developments in the field of eCommerce and supply chain management. TIE is determined to maintain the leadership position it has established in these fields.

TIE as a whole is positioned as a Business Interoperability Software Provider focused on trading partner enablement. The Company's long-term objective is growth. As a software vendor, growth in software revenue only requires marginal increase in cost, which establishes the potential for high profits. In that sense it makes no difference how the software is delivered: as a license or as a service. TIE's focus now is enabling online and traditional companies to collaborate electronically with their trading partners in the supply chain. TIE software integrates into applications both internally and externally. TIE's strengths are based on the company's accrued knowledge as one of the world's first Internet companies, 20 years of experience linking trading partners in the supply chain and establishing trading communities, and playing a key role in the development and implementation of global eBusiness standards. TIE's target customers are primarily small and medium-sized organizations. However, TIE ensures that its clients can support relationships with trading partners of any size. TIE emphasizes business value above technology.

TIE Product Development creates an integrated set of products that are targeted for reselling via TIE Subsidiaries and TIE Solution Providers as part of their overall solution offering. The products are generic and can be pre-configured into solutions for easy deployment in specific industries, or adapted to the local market. They deliver 'whole products' in terms of the software, training, and documentation. TIE also provides its software as a hosted or outsourced service, referred to as software as a service (SaaS).

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

At the regional level, TIE Subsidiaries support local TIE Solution Providers that use TIE software to render solutions for our local 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.



Bridging the eBusiness Gap

From the consumer's perspective, the differences between a brick-and-mortar department store and an online retailer are very apparent. What consumers are not privy to, however, is the business that's being performed behind the scenes — stock replenishment, distribution, reseller communications, and more. There the activities of online and traditional businesses are remarkably similar.

Traditional companies have been through the trenches when it comes to establishing their supply chains. Although there is always room for improvement, they continue to rely heavily on EDI as a means to exchange business information and support complex trading partner relationships. While major changes are not expected in supply chain management over the next five years, traditional companies will likely use that time opportunistically, seeking ways to maximize supply chain efficiency, optimize processes, cut costs, and improve their bottom lines.

For many online merchants, however, supply chain management is an area in which they find themselves far behind. Many small and medium-sized online companies have achieved critical mass, with no lack of demand for their products or services. What they do lack, however, is the knowledge and infrastructure necessary to leverage the supply chain. They have not made the same investments in the supply chain as their traditional counterparts or the large online retailers, which means their fulfillment is predominantly manual and their back-office is inefficient and unable to scale.

The answer for these smaller online companies is to latch on to the experiences and mechanisms of the traditional supply chain. In this way the gap can begin to close between online and traditional business. By adopting real-world eBusiness methods, online companies can standardize their business practices according to an already proven and time-tested traditional model. But traditional companies can also learn something from their online counterparts when it comes to the supply chain — how to exploit the Internet as a means to optimize processes and increase sales.

The "Virtual" Supply Chain

The key to building a successful supply chain is simple: automate processes whenever possible, eliminating paperwork and data entry while reducing the risk of human error. For traditional companies and their online counterparts, that means managing business processes in the supply chain electronically for as much — and as long — as possible.

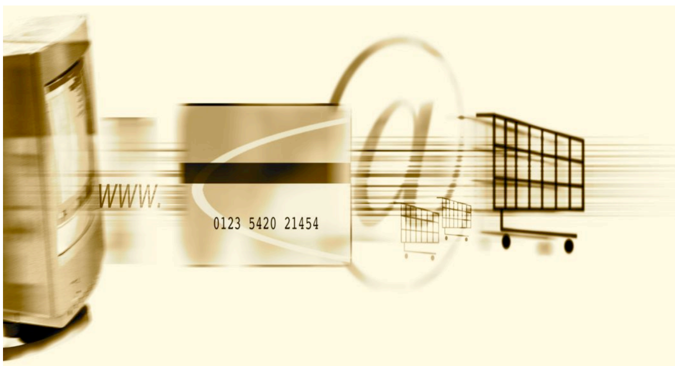
Broadening the "virtual" supply chain delivers immediate dividends by lowering the cost of doing business and reducing the time to market for products and services. But there are other benefits, as well. For starters, it allows them more time to focus on their core business. This is especially critical for online companies. In most cases these companies know a great deal about conducting business on line, but often the time spent on the fulfillment of orders, can bring even the most impressive online business down. The time and resources spent facilitating raw materials providers, distributors, and other trading partners can drag a small business down. But when the supply chain is managed online and fully automated, it allows them to focus on more important business agendas in sales, marketing, and operations. It also makes them easier to do business with, and thus a more attractive partner to large distributors and manufacturers.

The virtual supply chain also provides a future-proof foundation for growth. Over the last decade, the supply chain has grown increasingly tighter. It's a trend that will undoubtedly continue as more and more business is being conducted online. Companies without the necessary infrastructure, knowledge, and eBusiness experience are likely to find themselves left behind as the virtual supply chain takes off — if it hasn't happened to them already.

Finally, the virtual supply chain leads to an efficient platform for business information exchange. Traditional companies wanting to maximize their supply chain efficiency, optimize processes, and cut costs will find that increasing their virtual participation is the way to go.

The Digital Channel

Regardless of the strengths of their supply chains, what many traditional companies are lacking is an effective means of communicating with resellers and end users online. More to the point, they are unable to control the consistency of online communication. It is easier for pure online retailers to accomplish this; however, traditional companies must find a way to consistently market their products online through resellers and distributors that can number anywhere from dozens to hundreds of outlets, each with their own marketing agendas.



Digital Channel Communication provides these traditional companies with the tools to create their product information and distribute it online to resellers and end users, all the while controlling the way in which the information is being used – without handcuffing the resellers' online sales and branding efforts. Meanwhile the manufacturers' investment in product marketing is protected because the information reaching end users is consistent.

For manufacturers, Digital Channel fills a critical void. Today, many of them lack the ability to "activate" the channel and motivate resellers to be more proactive with the manufacturer's marketing power. With the infrastructure of Digital Channel, manufacturers can provide resellers with dynamic online merchandising tools that can be used to leverage the manufacturers' product marketing in email campaigns and on the resellers' Web sites. It enables these partners to connect in ways that are critical to businesses moving forward, especially given the independence and technical savvy of today's consumer.

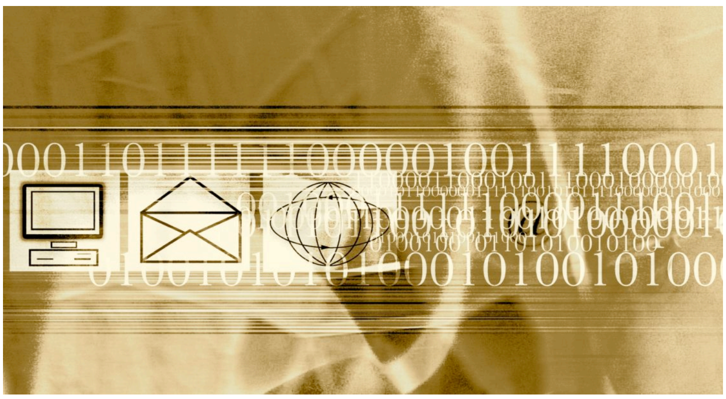
Business Interoperability

Regardless of whether they operate in the real world or online, every business needs the power to connect applications and processes with their supply chain partners. It's called Business Interoperability, and it ensures that any action in the supply chain – for example, a stock replenishment order – sparks an immediate and accurate response from your partners.

By eliminating the need for human interaction, Business Interoperability eliminates paperwork and the risk of human error in supply chain activities. It also makes the supply chain more manageable, more predictable, and therefore more profitable. For example, by connecting their resellers with real-time product information and marketing campaigns, manufacturers can drive more sales through the channel. Also, by plugging into the traditional supply chain, online retailers can establish a more efficient order fulfillment process that yields higher profits.

Conclusions

While eCommerce and supply chain management technologies have matured, there is still considerable room for improvement and advancement. Business Interoperability can accomplish both. In order to achieve true interoperability, there must be cross-industry agreement on a number of eBusiness standards, and progress will be measured by how rapidly these standards and related concepts are adopted. TIE continues to work aggressively in the development, promotion, and implementation of these standards, understanding that an open, flexible, and interoperable eCommerce infrastructure is beneficial to the health and profitability of every business community.



The Company

Joining Vision and Experience

Since its foundation in 1987, TIE has been active in Business-to-Business Integration, not only in software development but the standardization process as well. When the Internet started to expand, TIE understood that it would trigger many new applications essentially aimed at doing business more efficiently. TIE believes that eCommerce is not revolutionary but evolutionary, and evolving as an eCommerce company requires an existing body of knowledge about doing business electronically. TIE has been building such a body of knowledge for more than 20 years.

The Internet continues to offer opportunities to take Business-to-Business Integration and collaboration to new levels. Success does not depend solely on technology, however, but also on understanding the business processes and semantics involved. To make Business-to-Business Integration and eCommerce work, trading partners must agree on specific ways of doing business and restructure their business processes accordingly, so they can be automated. As a key contributor to the development and implementation of global eCommerce standards, TIE is positioned to play a leading role in this endeavor.

TIE develops and delivers XML/EDI™-based software solutions, which enable trading partners in the supply chain to do business electronically. TIE specializes in Business-to-Business Integration for vertical trade communities, connecting applications in different companies and synchronizing their business processes. Our solutions form the core for a truly end-to-end integration solution. This is enhanced further by the Digital Channel Solution, bringing reliable product information to the eBusiness Point of Sale and allowing focused marketing and highly sophisticated marketing data analysis.

TIE Kinetix™

Manufacturers invest millions of dollars to create demand for their products and even more to fulfill it. Yet somehow it's never fast enough for today's Internet-savvy consumer, who expects every action to spark an immediate business response. That's a tall order, however, when so many barriers exist to impede the supply chain.

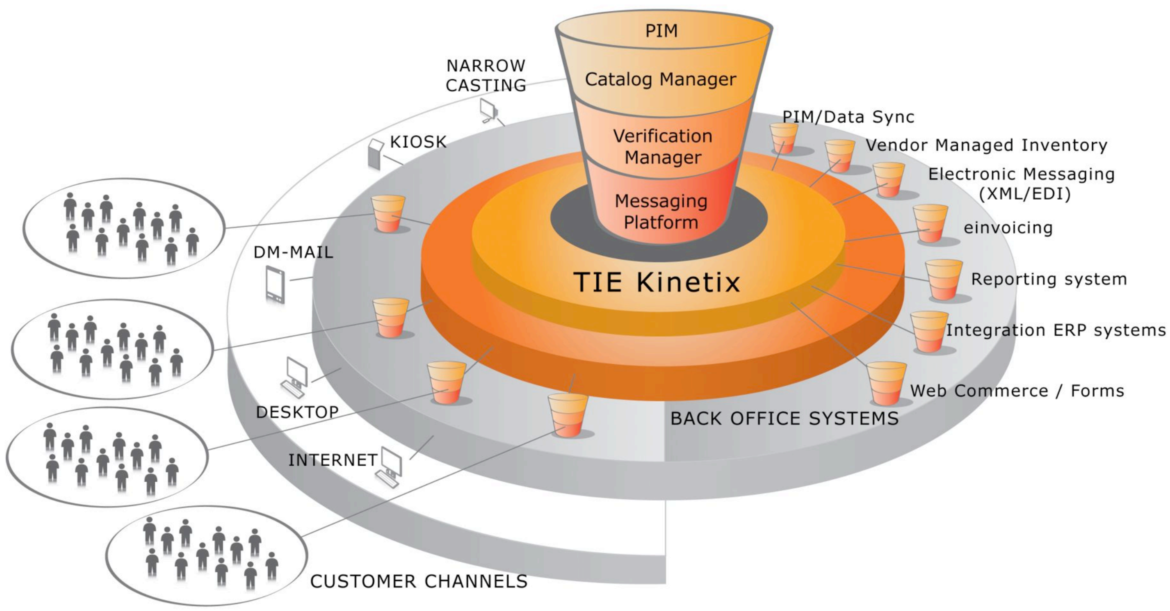
With Business Interoperability, organizations gain the ability to connect with trading partners on a new level, one that stretches the limits of electronic business collaboration. Suppliers, manufacturers, distributors, and resellers can communicate, share information, and participate in critical business processes, all in real time. They can achieve a higher level of performance not only for themselves, but for their end users as well.

By optimizing their business processes and enhancing their ability to collaborate, TIE helps trading partners deliver what today's consumer demands: immediate responses, higher quality, and instant results. TIE does more than help organizations activate the supply chain. Like the Newton's Cradle, we help them gain momentum with kinetic energy.

Products

TIE Kinetix[tm] is the new Business Interoperability Platform TIE has launched early in 2007. It enables customers to extend the limits of electronic business collaboration and achieve maximum Business Interoperability. By giving customers the power to connect processes and applications with those of their industry and supply chain partners, TIE Kinetix[tm] improves operational efficiency, reduces costs, and provides a platform for business information exchange and communications. Moreover, it is the only connection an organization needs when doing business with thousands of trading partners from around the world.

With TIE Kinetix[tm], TIE can deliver a two-fold advantage to our customers: optimizing their internal business processes and enhancing their ability to connect with external trading partners. It allows customers to build a powerful electronic framework for business collaboration without the obstacles that can impede an organization's ability to create and fulfill demand.



TIE Kinetix[tm] comprises solutions for the following:

Business-to-Business Integration – TIE provides the technology necessary to link internal business processes with those of external trading partners. We help customers automate the exchange of business information with a complete package for business integration: industry-leading XML/EDI and database translation engines, secure communications via Internet protocols and value-added network services (VANS), and flexible adapters for the most popular back-office applications (e.g., Microsoft, Oracle, SAP, and Epicor). Furthermore, customers can count on TIE business integration solutions to support the latest industry standards.

Data Synchronization – When an enterprise partner mandates data synchronization, implementing in a timely fashion can be a real challenge. TIE provides cost-effective solutions that support customers every step of the way, from systematizing product information all the way to publishing it in compliance with 1Sync standards. In fact, TIE is able to provide more than just data synchronization. TIE offers customers a viable blueprint for product information management.

Trading Partner Collaboration – TIE provides a wide range of solutions dedicated to enabling close collaboration between organizations and their suppliers. For example, organizations can manage a shared inventory with their suppliers, complete with forecast, production, and transaction information that can be used for collaborative planning and process optimization. Organizations can also achieve deeper supply chain integration with key suppliers.

Digital Channel Communications – TIE provides a total marketing communications solution for the entire channel. It helps manufacturers connect to and activate their channels, ensuring consistency in product marketing and making channel-wide communications easier and more cost-effective. Meanwhile, Digital Channel lets resellers take advantage of dynamic merchandising tools and activities, from email marketing campaigns to marketing via the reseller's Web site.

Financial Reporting – TIE offers a complete range of tools for the preparation, transmission, and processing of XBRL reports. TIE provides a secure and reliable messaging infrastructure for the submission of XBRL reports over the Internet.

Services

TIE’s commitment to customer success extends beyond delivering software. We have developed a world-class support services organization to complement our industry-leading products, helping 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 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.

Outsourcing and Hosting – In today’s market companies are accustomed to entrusting IT services to specialists. TIE provides an online application service based on the domains above that help companies take advantage of the Internet. TIE provides the resources required to fill any in-house gaps associated with solution configuration, operation, and support, and can address 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 is a larger company, it will be a more attractive supplier for larger, multi-national companies, which increases the potential deal size of implementation projects. It will attract more attention from financial analysts and therefore investors, which improves access to the international capital market and positively affects the share price. It will also achieve economies of scale in product development and marketing, which significantly reduces costs.

This cannot be achieved via organic growth of revenue alone. Growth will come from corporate sales and additionally through global TIE Solution Provider contracts both for software licenses as well as Software as a Service (SaaS). By targeting mid-sized companies TIE will grow and expand its customer base and improve revenue from existing customers.

Finally, growth will be achieved by acquiring companies that enhance earnings, and expand TIE's market reach, customer base, and offerings with a focus on Business 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 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 and participate in the research necessary to provide a future proof product and services suite.

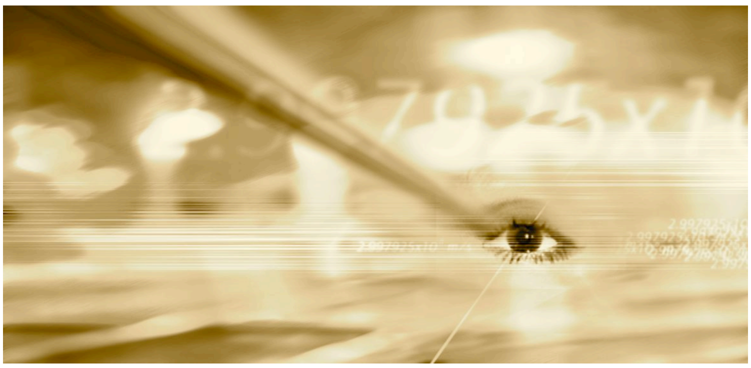
Leverage and Expand Strategic Alliances/Partnerships

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 enhance its market presence.

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 its 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 one of the few public companies focused on Business 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 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;
- Fully exploiting the options available with the acquisition of Digital Channel. This takeover increased our client base and market as well as out product portfolio;
- Putting TIE on the map as a main provider for Internet companies that need to latch on to the traditional supply chain;
- Expanding the Software as a Service (SaaS) offering as an alternative for software as a license;
- Introducing Digital Channel in the US market and continuing to build the European market from the existing Digital Channel customer base;
- Introducing TIE Kinetix^{tm} as a major new product for TIE in the European and US market place in cooperation with implementation partners and ERP solution providers;
- Expanding SaaS platform with new functionality, so existing customers can use this new way of communicating with business partners. Start offering this service with key ERP and Implementation partners in the European and US market place;
- Building interoperable component pieces in the form of adaptors and Web Services, 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 Business 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;
- Continuing to optimize the internal business processes, as well as the communications with customers and business partners, fully utilizing the potential of the 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 Dutch corporate governance code contains (a) principles, which are general concepts of proper corporate governance and (b) best practice provisions, which are detailed regulations resulting from, and giving a further specification of the principles of the code.

By means of an administrative decree dated December 23, 2004 on the determination of further regulations regarding the content of the annual report, the Dutch legislator designated the Dutch corporate governance code as a code of conduct as referred to in Article 2:391 paragraph 5 of the Civil Code. Based on this designation, each listed company is required to include a description in its annual report, 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 report, as to why such deviation has been made ("apply or explain"). This designation is applicable to annual reports regarding the financial year starting on or after January 1, 2004.

The Management Board and the Supervisory Board are responsible for the corporate governance structure of the Company and compliance with the code; they are accountable for this to the general meeting of shareholders. Starting financial year 2003, the Company has taken several measures to comply with the Dutch corporate governance code and has already included in its annual report a description on its corporate governance structure. At the General Meeting of Shareholders held in 2006, the Management Board gave full explanation regarding the corporate governance structure of the Company and the deviations regarding best practice provisions in the corporate governance code. All deviations (to be discussed in this chapter) were put to a vote, and approval from the general meeting of shareholders had been obtained. The Company therefore fully complied with the Dutch corporate governance code (explanation constitutes compliance after approval by the general meeting of shareholders).

In this annual report, a further analysis will be given on the measures that the Company has taken to apply the code, or as the case may be, we include a proper explanation for deviations from the provisions of the 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.

Management Board

The role of the Management Board is to manage the Company. According to the Dutch corporate governance code, this means that it 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 discharging its role, the Management Board shall be guided by the interests of the Company and its affiliated enterprises. In order to manage the Company, the Management Board regularly visits the subsidiaries and has frequent calls with local management.

The Management Board 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 2006 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 and receives a severance pay of three months salary for each year of service, with a maximum of four years salary. The existing agreements between the Company and Dick Raman will be honored. Approval with regard to these deviations from provisions II.1.1 and II.2.7 of the Dutch corporate governance code has been obtained from the general meeting of shareholders.

In due course and in line with the expansion of the Company, the Management Board will be expanded as well. At the next Annual Shareholders Meeting on February 14, 2007, the shareholders will be proposed to appoint Jan Sundelin as a member of the Management Board. As such, he will be appointed for a maximum period of four years and will be offered a severance package in line with the code. When other board members are appointed in the future, the code will be applied as well.

The remuneration of the Management Board is, in accordance with article 2:135 sub 3 of the Dutch Civil Code, determined by the general meeting of shareholders. Due to this deviation from provision III.5.10 of the Dutch corporate governance code, it is agreed that a member of the Management Board will not participate in the voting process by the general meeting of shareholders regarding his own remuneration.

The remuneration of the members of the Management Board 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 6% 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 245k. At the last general meeting of shareholders, the proposal was that he should be granted a bonus of 25% of his remuneration when the Company reaches its target of a significant increase in revenue, net profitability and equity. These objectives were reached; and therefore he will be paid the bonus.

In general, on the last day of each financial year, all TIE employees, including members of the Management Board are granted options. These options to acquire shares are not a component of the employee's remuneration; they are an incentive to work for TIE. Options can only be exercised after three-years for a period of seven years. If an employee leaves the Company, the options are cancelled and are available for distribution amongst the remaining or new personnel. The option exercise price is set at the closing price of the publicly traded shares of the Company on the last working day of the financial year.

In case the general meeting of shareholders determines to grant the Management Board rights to acquire shares as part of a bonus, these options will be conditional on the fulfillment of predetermined criteria. This does not apply to the options that are granted under the Employee Stock Option Plan on the last day of each financial year and therefore approval regarding deviation from provision II.2.1. has been requested and obtained from the general meeting of shareholders.

Shares in the Company, held by a member of the Management Board, are long-term investments. The Management Board has drawn up (and the Supervisory Board gave approval to) regulations concerning insider knowledge and the holding of and affecting transactions in securities relating to the Company and other securities, The Regulations 2006 Insider Knowledge (TIE Company). Therefore the Supervisory Board did not need to draw up regulations regarding ownership of and transactions in other securities by the Management Board members. The general meeting of shareholders has approved this deviation from the first sentence of provision II.2.6 and III.7.3 of the Dutch corporate governance code.

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

Any (apparent) conflict of interest between the Company and a member of the Management Board shall be avoided. All transactions in which a conflict of interest exists or is deemed to exist must be concluded on terms at least customary in the sector concerned. Resolutions for entering into such transaction must be approved by the Supervisory Board.

More information regarding the remuneration of the Management Board can be found in the Compensation Policy of the Company and in the Report of the Supervisory Board included in this annual report.

Risk Management

For a company the size of TIE, the risks are relatively easy to determine and have been contained as much as possible. 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 also very active in Global eBusiness Standardization, which gives it insight in where developments in eBusiness are going.

In order to assure adequate and effective internal risk management and control systems, all internal business processes are aligned according to the internal instrument called My-TIE. This system gives the Management Board complete visibility on all transactions that have taken place anywhere within the Company and provides detailed reports on revenue and costs. It also provides for strong procedures to control purchasing, order fulfillment and support. 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.

The My-TIE system has been in operation for over two years now. The system works properly and according to expectations and there are no indications it will not work properly in the next financial years. My-TIE has proven to be a very effective instrument of the internal risk management and control system.

In view of the above, the Management Board believes that with the implementation of My-TIE as system of monitoring and reporting, it has taken adequate steps to implement an appropriate risk management and internal control system. This system provides, with reasonable certainty, reliable internal and external reports, adequate information to determine in how far the Company is achieving the strategic goals it has set and assurance that the Company is operating within the boundaries of the law. My-TIE significantly reduces, but cannot fully eliminate the possibility of poor judgment in decision-making, human errors, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of other 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 orderly and legitimate conduct of its business. In this context reasonable certainty refers to a degree of assurance that would be satisfactory for a prudent manager in the management of his affairs in the given circumstances. Notwithstanding the forgoing and in view of the above, the Management Board is of the opinion that it has implemented a system that is adequate and effective, suitable for the Company's business and in compliance with the requirements of provision II.1.4 of the Dutch corporate governance code. The Management Board has discussed the internal risk management and control systems with the Supervisory Board.

Supervisory Board

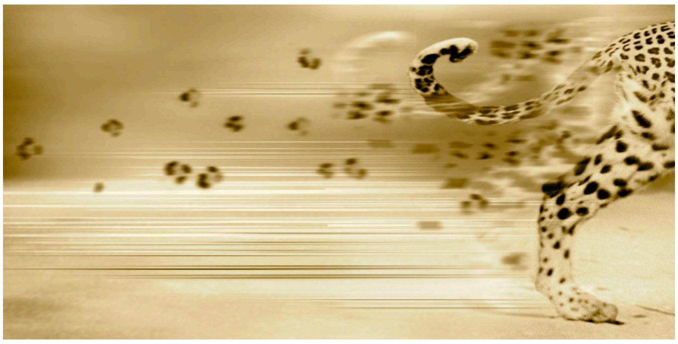
The role of the Supervisory Board is to supervise the policies of the Management Board and the general affairs of the Company and its affiliated enterprise, as well as to assist the Management Board by providing advice. In discharging its role, the Supervisory Board shall be guided by the interests of the Company and its affiliated enterprise, and shall take 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 shall be capable of assessing a broad outline of the overall strategy of the Company and its business. As a whole the composition shall be such that it enables the Supervisory Board to best carry out the variety of its responsibilities and duties to the Company and others stakeholders.

The Supervisory Board shall be constituted in a balanced manner as to reflect the nature and variety of the Company's businesses and the desirability to have available expertise in different fields, thus covering the areas of finance, management/legal/corporate governance and the Company's business, the national and international B2B Integration market.

Since the Supervisory Board comprises only three members, no separate committees have been appointed.

The remuneration of the Supervisory Board is determined by the general meeting of shareholders. The remuneration of the Chairman of the Supervisory Board amounts to EUR 20k per year and the other two members of the Supervisory Board receive a remuneration of EUR 10k per member per year. The members of the Supervisory Board will not be granted any shares and/or rights to shares in the Company. No options to acquire shares in the Company concerning the members of the Supervisory Board are 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 shall be avoided.

This financial year one (apparent) transaction, in which a conflict of interest was deemed to exist following the rules of procedure, was reported to the Supervisory Board. On July 31, 2006, the Management Board entered into a resolution regarding a convertible Bond with Alto Imaging Group N.V. This was the result from an agreement between TIE and the main shareholder Mr. van Schaick, regarding partly financing the acquisition of Digital Channel, by means of a bond with a principal sum of €400.000. This transaction is concluded on terms at least customary in this sector and the resolution regarding the convertible bond was approved by the Supervisory Board; therefore the Company complied with the rules of procedure and provision III.6.4. of the Dutch corporate governance code.

Further details regarding the Supervisory Board to be found in the Report of the Supervisory Board included with this annual report.

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. Starting January 1, 2007 the Dutch legislator provides the possibility to make use of electronic communication devices with regard to the decision making process in the general meeting of shareholders. The Company will investigate these 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 protect the interests of TIE Holding NV, its subsidiaries and all related parties. The management of Stichting Preferente Aandelen TIE is composed of three directors. Two of these directors are independent, and one director is related to the Company. The independent directors are Mr. E.B.J. Meulenbroek and Mrs. R. de Wever. The third director is Drs. Th.H. Raman. In the opinion of the Company and these directors, the Stichting Preferente Aandelen TIE is an independent foundation, as referred to in Annex X to Rulebook II Euronext Amsterdam Stock Market.

In order to protect TIE from a hostile takeover, the Stichting Preferente Aandelen has the right to acquire Preference Shares in TIE. The acquisition, holding of and the exercise of voting rights on these shares shall take place in order to serve the aforementioned objective of Stichting Preferente Aandelen TIE. Due to the implementations of European guidelines, this protection mechanism will be the subject of further evaluation.

General

At the general meeting of shareholders 2006 the Company reported 7 deviations from the best practice provisions of the Dutch corporate governance code. These include deviations regarding, the appointment and severance package regarding the current members of the Management Board, granting options to the Management Board, the determination of the remuneration of the Management Board, the determination of rules regarding the holding of and effecting transactions in securities, a statement regarding the value of the options, a formally appointed Secretary of the Company and the use of a registration date.

In the course of financial year 2006, the Management Board appointed a Secretary of the Company, after obtaining approval of the Supervisory Board. The Secretary of the Company shall ensure that the Supervisory Board and the Management Board act in accordance with its legal obligations and regulations, the Articles of Association, and their rules of procedure. The Secretary of the Company assists all members of the Supervisory Board and Management Board and in particular the Chairman and President.

Due to the implementation of IFRS, the Company states in the notes to the Financial Statements the value of the options granted to the Management Board and the TIE employees.

Therefore, at this point the Company deviates from 5 best practice provisions of the Dutch corporate governance code. Please note that the Company is making its preparations to adjust the Articles of Association in order to provide a possibility to make use of a registration date. Any changes to the Articles of Association are subject to a resolution of the general meeting of shareholders.

All documents as available regarding the corporate governance structure are subject to further review and adaptations may be made. In addition rules of procedure for the management Board have been drafted to ensure compliance with the provisions of the Dutch corporate governance code.

When available, these documents, as well as any publications or announcement in connection with the corporate governance structure of the Company, will be posted on the corporate website http://www.TIEglobal.com.

Report from the Management Board

In 2006, the TIE Management Board focused on expanding the Company's marketing and sales power. The Company achieved a streamlined organizational structure through the implementation of My-TIE, putting in place a solid corporate governance structure on a sound financial foundation. Market circumstances were improving, so now the Company was ready to increase sales. In the US this was done through the introduction of new products, and consequently its revenue opportunities and market visibility. In the Netherlands it was clear that we needed to restructure and strengthen the sales force.

With the acquisition of Digital Channel, TIE succeeded in further expanding the Company's sales force and market visibility as well as product portfolio. This acquisition creates opportunities for TIE to deliver its business-to-business expertise and solutions to Digital Channel customers.

More importantly, it creates significant business development opportunities, since it became clear that Internet-based retailers have no lack of demand, but major problems to fulfill that demand. The reason is that these retailers have not adopted the methods that have made traditional supply chains so efficient. TIE can help these companies by combining TIE's supply chain experience and Digital Channel's reseller marketing and communications expertise.

As a result, TIE closed the Financial Year 2006 and entered 2007 with a more compelling product line, one that brings new solutions and more lucrative revenue opportunities. Following are more details and other 2006 highlights.

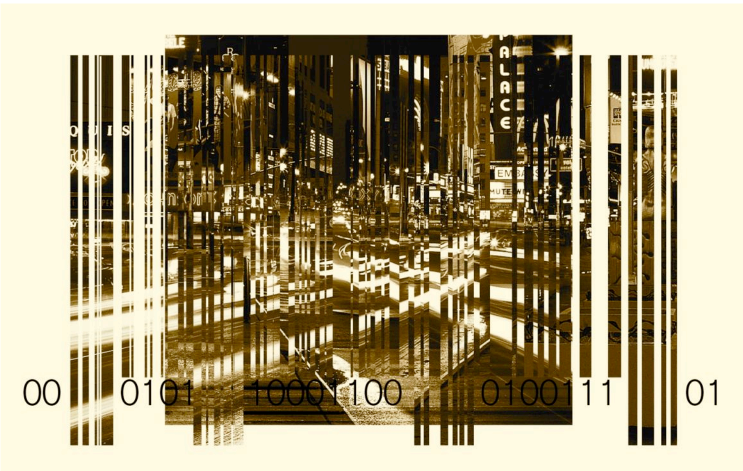
Selection of the SEAMLESS and STASIS Projects

The European Commission selected the SEAMLESS project to deliver a dynamic, collaborative technology environment for small and medium-sized companies. TIE leads the Technical Infrastructure sub-project and has a seat on the SEAMLESS management board. The SEAMLESS project is a derivative of the SEEMseed project, a visionary endeavor to create a Web-based market where companies can collaborate dynamically without cultural and technological constraints. Towards the end of the year the Commission selected the STASIS project that addresses the "semantic gap" in eBusiness interactions, which causes up to 60% of integration cost. Lightweight semantic tools and infrastructures help to easily align interfaces to ensure agility in eBusiness to develop visionary semantic environment based on open standards and interfaces. TIE is the managing partner of this project, which gives the Company a prominent profile in the European Commission's i2010: European Information Society 2010 initiative, a five-year strategy to boost the European digital economy.

Global Partnership with Epicor

An expanded partnership agreement with Epicor allows the company to offer TIE's Business-to-Business Integration and Data Synchronization solutions as part of Epicor's next-generation global manufacturing solutions. As a leading provider of business software solutions for the global mid-market, Epicor gives TIE solutions increased market visibility among manufacturers, not to mention additional revenue opportunities on a global scale. Epicor's decision to partner with TIE was based on the Company's proven, yet cost-effective solutions for Business Interoperability, and the ability to provide their customers with a fully integrated solution for their manufacturing platform.

Data Synchronization Leader



In an independent survey of 150 influential consumer goods executives conducted on behalf of *Consumer Goods Technology* magazine, TIE was recognized as a leading Data Synchronization software provider. The magazine's readers ranked the top-performing Data Synchronization vendors based on product offerings, customer service, return on investment, and industry knowledge, and TIE finished with high marks. The recognition helped solidify TIE's position as a market leader in Data Synchronization and Product Information Management solutions, bolstered in part by the Company's history of successful business-to-business integration and outstanding customer service track record. It also contributes to TIE's ability to grow this aspect of the company's business.

Acquisition of Digital Channel

The acquisition of Digital Channel was a major step in strengthening TIE's business development capabilities and revenue opportunities. The combined technology and expertise provides enhanced value for TIE's partners, shareholders, and especially its customers, ultimately driving accelerated growth for the company. TIE is now able to provide customers with a comprehensive solution for Business-to-Business Integration, Data Synchronization, Trading Partner Collaboration, and Digital Channel Communications, the latter being the key to helping TIE customers increase sales. For manufacturers, driving more sales through the reseller channel is a primary concern, and Digital Channel helps them do exactly that, in addition to ensuring consistency in product marketing and making channel-wide communications easier and more cost-effective. Meanwhile, Digital Channel lets resellers take advantage of dynamic merchandising activities, from e-mail marketing campaigns to marketing via the reseller's Web site.

Selection as a Partner by NESSI

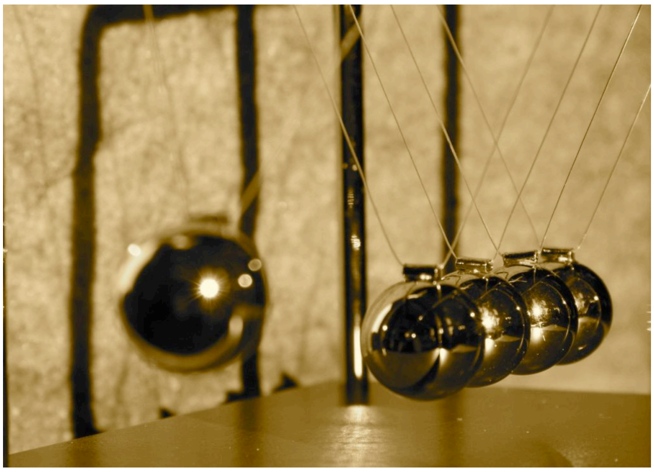
The Networked European Software and Services Initiative (NESSI) selected TIE as a key partner based on the company's commitment to innovation, technology research, and global standards. The goal of NESSI is to create a unified platform for European research in software and service architectures based on innovation and business strength. Originally made up of 13 major ICT organizations, NESSI has since grown to include nearly 200, including Software AG, SAP, Nokia, Hewlett-Packard, IBM, and Siemens. The original partners selected 9 additional organizations to join NESSI's Steering Committee, including TIE. As a key partner of NESSI, TIE will contribute to the organization's vision, which is to "transform the Internet to service our lives," and ensure that the Company's vision has an appropriate impact on ICT-based services of the future.

Outlook

With an increase in revenue of 8 percent in the Financial Year 2006 and key acquisitions that round out the Company's product offerings, the Management Board believes that TIE is well positioned for growth in 2007. Market conditions continue to improve, and the expansion of TIE's product line will enable the Company to take advantage of that by selling new solutions into an existing and devoted customer base.

With the expansion of the Management Board with Jan Sundelin as Chief Sales Officer, the organization is more balanced and the Company's commitment to more focused marketing efforts will result in increased awareness of TIE solutions, thus boosting sales as well as the Company's influence with industry partners.

Opportunities for strategic acquisitions will be explored and the Company has the financial and legal expertise on board to smoothly conduct acquisitions and to integrate an acquired company. The Company is looking for acquisitions that strengthen the bottom line and its ability to grow further.



Management's Discussion and Analysis

The following section contains a discussion and analysis of financial position and results of the Company. The comparative financial data has been restated to IFRS, reconciliations to the 2005 Financial Statements, which were prepared applying Dutch GAAP, are included.

In comparing the operations of the respective years, the acquisition of Digital Channel (included in the consolidation as of July 1, 2006) and the acquisitions of TIE France (additional 20.25% of the shares on April 13, 2005) and Nspyre (100% of the shares on June 29, 2005) are of key importance. In addition thereto management has redefined the revenue categories, breaking out a specific revenue type designated Software as a Service. The main body of the Digital Channel revenue falls in this category.

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

Annual Result of Operations and Financial Position

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

	2006	2005
Revenues	8,434	7,900
Operating Expenses	9,209	7,603
Net Income	1,041	567
Shareholders' Equity	2,649	993
Equity	4,789	993

The net result for the year 2006 shows a significant increase compared to 2005. This reflects the improved outlook for the US activities of the Company. The US bottom line has improved significantly over the last 3 years and is now showing a healthy profit, which is a sound basis for future development. This has resulted in the recognition of a larger portion of the available Deferred Tax Asset in the United States.

Shareholders' Equity has increased not only as the result of current year net income but also further issues of shares (EUR 710k). Equity at year-end 2006 amounted to EUR 4.8m. This balance includes EUR 2.1m in Convertible Bonds issued in connection with the acquisition of Digital Channel.

During 2006, the Company was able to improve its operations and sales efforts worldwide. Management has set ambitious targets for 2007 and believes it has adequate cash and investment balances to fund its operations in the next financial year.

Revenues

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

Revenues by category

	2006		2005	
Licenses	1,999	24%	2,111	27%
Maintenance and Support	3,249	39%	3,122	40%
Consultancy	1,860	22%	1,918	24%
Software as a Service	1,295	15%	660	8%
Other Income	31	0%	89	1%
Total Revenues	**8,434**	**100%**	**7,900**	**100%**

SaaS pertains to all hosting, webEDI (TiedByTIE) and Value Added Network services. These services are generally provided on the basis of a 12, 24 of 36 month contract whereby fees are based on actual use of the service or a subscription fee or a combination of thereof. SaaS revenue also includes revenue from marketing channel management branded as Digital Channel, these services are provided on a subscription basis with a fixed contract period, generally 12 months. Other revenues consist of revenues from marketing campaigns, which are invoiced on a pay as you go basis. Revenues are accounted for on a percentage of completion basis. This means increasing sales in this category will filter into income with a delay.

Revenues by region:

	2006		2005	
The Netherlands	2,925	34%	2,752	35%
North America	4,169	50%	4,007	51%
Rest of the World	1,340	16%	1,141	14%
Total Revenues	**8,434**	**100%**	**7,900**	**100%**

The revenues from the North American Activities remained stable at USD 5.1m, improved in EUR however by due to favorable exchange rate during the first 6 months of 2006. Netherlands revenues reflect the acquisition of Digital Channel (EUR 250k) and the inclusion of TIE France and Nspyre revenues for the full year.

Operating Expenses

The following table provides a breakdown of the total operating expenses for the financial years indicated:

	2006		2005	
Revenue Related Expenses	984	11%	816	11%
Employee Benefits	5,244	57%	4,458	59%
Depreciation, Amortization and Impairments	662	7%	428	6%
Other Operating Expenses	2,319	25%	1,901	25%
Total Operating Expenses	**9,209**	**100%**	**7,603**	**100%**

Operating expenses have increased across the board as a result of the aforementioned acquisitions after taking into effect savings due to synergies resulting from the acquisitions. This is the main driver of the increased expenses in 2006 compared to 2005. Additionally the 2006 reorganization expense amounted to EUR 200k and related interim management expenses to EUR 120k. The conversion to IFRS has resulted in additional audit and consulting fees of approximately EUR 300k.

As of 2005 the Employee Benefits include Stock Option Expenses. In 2005 the reissue of the 2001 stock options led to an immediate charge in income as these options have no vesting period. All option plans issued since October 1, 2004 do have a vesting period, which means the expense, is spread over the vesting period. The vesting option expense in 2006 amounts to approximately EUR 115k, compared to EUR 60k in 2005.

Depreciation, Amortization and Impairment

Based on the impairment tests performed at year-end 2006 no additional impairments were taken on the tangible and intangible fixed assets.

	2006	2005
Depreciation, Amortization of Fixed Assets	662	428
Impairments	-	-
Total Depreciation & Amortization	**662**	**428**

The amortization charge has increased compared to 2005 due to a number of large development project seeing their market introduction initiating amortization. The Company has performed impairment tests at year end 2006 and has found no indication of an impairment.

Financial income and/or Expense

	2006	2005
Interest Income	8	7
Dividend Income	-	25
Interest expenses	(18)	(29)
Exchange gains/(losses)	(5)	8
Total	**(15)**	**11**

The interest expense in 2006 pertains to the Credit Facility that became available in 2005 and which was used to fund cash flow needs on a short term basis.

Income Taxes

Based on the improving economic outlook for the North American activities management has recognized an additional Tax Asset for 2006 EUR 1.8m (USD 2.3m), bringing the balance of the Deferred Tax Asset to EUR 2.6m (USD 3.3m). This balance represents 70% of the potential Deferred Tax Asset for the North American activities. No Deferred Tax Asset is recognized for the Netherlands activities.

Cash Position

On September 30, 2006 the Company had cash and cash equivalents of EUR 262m. In 2006, the cash flow generated by the Company's operating activities was EUR -227k an improvement over 2005, showing a cash outflow of EUR 802k. The company has secured a credit facility of up to EUR 600k of which at balance sheet date EUR 195k was used for funding operations. The Company is confident it will be able to generate necessary cash flows to fund operations in 2007.

Development (R&D)

In the financial year 2006, the Company capitalized EUR 389k pertaining to the development of new products and the further development of existing products (2005: EUR 535k). The current carrying value of capitalized development expenses amounted to EUR 748k at year-end (2005: EUR 764k).

Technological feasibility for development goals set for these development projects was established and management believes the finished product will improve the Company's potential in the marketplace.

IFRS

The financial year 2006 of the Company commenced October 1, 2005. As announced in the 2005 financial statements and in accordance with Dutch Law the Company will apply International Financial reporting Standards (IFRS) as of the financial year 2006 starting per October 1, 2005.

First Time Adoption (FTA) of International Financial Reporting Standards

IFRS1 regulates adopting IFRS for the first time as the basis for preparing the consolidated financial statements. The requirements of IFRS1 for first time adopters should in principle be applied retrospectively to the opening balance at the date of transition. IFRS1 also includes a number of exemptions and exceptions from this principle; the most significant decisions in respect of the optional exemptions are discussed below. In addition to the aforementioned exemptions and exceptions a number of items have been converted and or adjusted to comply with IFRS. These items may have affected the FTA balance sheet, financial year 2005 as well as financial year 2006. The quantitative effects of these accounting changes are disclosed below and have been effected in the 2006 Financial Statements.

Business Combinations

TIE Holding N.V. has opted not to apply IFRS3 retrospectively to business combinations that where effected prior to the transition date to IFRS, October 1, 2004. As a result the goodwill arising from past business combinations remains as stated under Dutch GAAP in the closing balance sheet per September 30, 2004. This goodwill has been tested for impairment. A further discussion thereon can be found in the Notes to the Consolidated Financial Statements.

Cumulative Translation Differences

Cumulative translation differences were set at zero and were transferred to the share premium account under Dutch GAAP per September 30, 2004. Consequently in the FTA balance sheet this amount is nil. This means that all gains or losses on a subsequent disposal of a foreign currency operation shall exclude translation variances that arose prior to the date of transition to IFRS.

Share Based Payments

Options granted to employees have zero intrinsic value at the grant date as the strike price equals or exceeds the stock price at the grant date of the stock options. All employee stock option arrangements have been classified equity settled instruments. Upon settlement these options will be gross settled by issuing new shares in exchange for the strike price of the exercised option.

All employee options granted prior to January 1, 2005 have vested prior to that date. The Company does not apply IFRS2 retrospectively to these option arrangements.

Under Dutch GAAP stock options were granted to employees with a strike price equaling or exceeding the market value of the shares at the grant date of the stock options, which initiated no charge to earnings for employee stock option awarded. Under IFRS2 the fair value of the stock options awarded is to be expensed. This fair value also considers the time value of the stock option.

The employee option arrangements have changed from arrangements issued prior to October 1, 2004. A vesting period of 3 years is applicable for new options granted; the reissued 2001 options (April 2005) however vested immediately and were consequently expensed in full in the quarter of issue.

The calculation of the fair value for options granted with a vesting period is based on a modified Black & Scholes model and the expense is spread evenly over the vesting period, taking into consideration the expected number of options to be exercised.

Employee Benefits

All post employment benefit plans have been treated as defined contribution schemes.

Financial Instruments

The Convertible Bonds outstanding at transition date have been assessed under IAS32. One Convertible Bond (EUR 290k) has been reclassified as financial liability as per FTA date in combination with an equity component and has been accounted for accordingly (split accounting). Distributions made under the terms and conditions of these instruments classified equity instruments have been accounted for in Equity as distributions to Equity Instrument Holders.

Since the transition date all bonds outstanding at that date have been converted into common shares. New bonds issued in 2006 in connection with the acquisition of Digital Channel have all been classified Equity Instruments under IAS32.

Goodwill

Under Dutch GAAP the goodwill was amortized over an estimated useful life of 5 years. Under IFRS goodwill is not amortized but accounted for at cost (carrying value at the date of transition to IFRS) and subjected to periodic impairment tests. Impairments are accounted for in income in accordance with IAS36.

Foreign Currency Exchange

Under IAS21, unrealized exchange variances on the inter-company account balances in foreign currencies and translation adjustments on equity in foreign currencies are reported separately under equity called 'Foreign currency translation reserve'.

Financial Fixed Assets

Minority participations were stated at costs under Dutch GAAP. IAS 28.13-14 requires net asset value. Since the estimated net asset value of these participations is negative the carrying value has been written off to zero per October 1, 2004 against Equity (EUR 4k). The shareholding in TIE France was increased from a 30% shareholding to a 50.25% participation on April 13, 2005 and has therefore been included in the consolidation from that date onwards.

Capitalization and Amortization of R&D Expenses

The expense capitalization of R&D was revisited. Under IFRS (IAS38) some of the expenses included in the capitalization under NL GAAP were found to be ineligible for capitalization under IAS38. The capitalization basis has been amended accordingly.

The amortization policy was also brought in line with IAS38. This means starting amortization at the start of the useful life of the asset as opposed to amortizing from initial capitalization date onwards. The amortization charges have been amended accordingly.

Convertible Bond Interest Charges

But for a single convertible bond all convertible bonds outstanding as per FTA date have been classified as Equity Instruments. Distributions to holders of Equity Instruments are to be treated as distributions of Equity. Interest charges accounted for in income pertaining to bonds qualifying as equity instruments have been adjusted in income under IFRS.

Reconciliation of IFRS Opening Balance Sheet as at October 1st, 2004

	FTA balance sheet under IFRS	Effect of transition to IFRS	FTA balance sheet under Dutch GAAP
Assets			
Non Current Assets			
Intangible Fixed Assets			
Goodwill	626	-	626
Other intangible fixed assets	646	200	446
	1,272	200	1,072
Tangible fixed assets			
Property, Plant and Equipment	330	(200)	530
Financial fixed assets			
Deferred Tax Asset	670	-	670
Associates	4	-	4
Other			
	674	-	674
Total Non Current Assets	2,276	-	2,276
Current Assets			
Trade Debtors and Other Receivables			
Trade Debtors	855	-	855
Social Security Prepaid	26	-	26
Other Receivables and Prepayments	187		187
	1,068	-	1,068
Cash and Cash Equivalents	654		654
Total Current Assets	1,722	-	1,722
Total Assets	**3,998**	**-**	**3,998**
Equity and Liabilities			
Equity			
Shareholders' Equity	(4,804)	(53)	(4,751)
Convertible Bonds	3,223	(358)	3,581
Capital and Reserves attributable to equity holders of TIE	(1,581)	(411)	(1,170)
Minority Interest	-		-
Total Equity	(1,581)	(411)	(1,170)
Non Current Liabilities			
Convertible Bonds	392	392	
Provisions	1,730		1,730
Total Non Current Liabilities	2,122	392	1,730
Current Liabilities			
Convertible Bonds	54	31	23
Bank Overdraft	1	-	1
Trade Creditors	377	-	377
Deferred Revenue	1,578	-	1,578
Affiliated Companies	168	-	168
Taxation and Social Security	422	-	422
Other Payables and Accruals	857	(12)	869
Total Current Liabilities	3,457	19	3,438
Total Equity and Liabilities	**3,998**	**-**	**3,998**

As referred to above, a single convertible bond outstanding as per FTA date (notional EUR 290k) was reclassified under IAS32 to Non Current Liabilities. The remaining balance under this item pertains to the Net Present Value of Future Interest Payments on two convertible bonds qualifying as equity instruments under IAS32.

Reconciliation of Balance Sheet as at September 30th, 2005

	Balance sheet under IFRS	Effect of transition to IFRS	Balance sheet Under Dutch GAAP
Assets			
Non Current Assets			
Intangible fixed assets			
Goodwill	940	658	282
Other intangible fixed assets	1,057	256	801
Tangible fixed assets			
Property, Plant and Equipment	283	(291)	574
Financial fixed assets			
Deferred Tax Asset	820	-	820
Loans and Receivables	331	163	168
Associates	2	-	2
Other			
Total Non Current Assets	3,433	786	2,647
Current Assets			
Trade Debtors and Other Receivables			
Trade Debtors	1,554	-	1,554
Social Security Prepaid			
Other Receivables and Prepayments	291	(171)	462
Cash and Cash Equivalents	166	4	162
Total Current Assets	2,011	(167)	2,178
Total Assets	**5,444**	**619**	**4,825**
Equity and Liabilities			
Equity			
Shareholders' Equity	993	612	381
Convertible Bonds			-
Capital and Reserves attributable to equity holders of TIE	993	612	381
Minority Interest	-	-	-
Total Equity	993	612	381
Non Current Liabilities			
Provisions	906	(260)	1,166
Total Non Current Liabilities	906	(260)	1,166
Current Liabilities			
Provisions	260	260	0
Trade Creditors	757	1	756
Deferred Revenue	1,596	-	1,596
Affiliated Companies	22	-	22
Taxation and Social Security	165	(95)	260
Other Payables and Accruals	745	101	644
Total Current Liabilities	3,545	267	3,278
Total Equity and Liabilities	**5,444**	**619**	**4,825**

The Goodwill related IFRS effect consists of the reinstatement of Goodwill amortized to income under Dutch GAAP. Other Intangible Assets contains a reclassification of Software from Tangible to Intangible Assets, the effect of adjustments in R&D capitalization and the timing of the amortization thereof.

In summary the following movements have affected Equity:

	FTA	2005
Dutch GAAP Equity at FTA date	**(1,170)**	
Extraction of Convertible Bond to Liabilities	(358)	
Creation of a distribution to Bond Holders Payable	(53)	
IFRS Equity at FTA date	**(1,581)**	
Dutch GAAP Equity at September 30,		**381**
P&L effect IFRS adjustments		505
Stock option expense credited to Equity		107
IFRS Equity at September 30,		**993**

Reconciliation of Income Statement from Dutch GAAP to IFRS

	2005 Under IFRS	Effects of transition to IFRS	2005 under Dutch GAAP
Revenues			
Licenses	2,111	(5)	2,116
Maintenance and Support	3,122	(11)	3,133
Consultancy	1,918	-	1,918
Software as a Service	660	1	659
Other Income	89	89	-
Total Revenue	**7,900**	**74**	**7,826**
Book profit sold fixed assets / subsidiary	227	-	227
Operating Expenses			
Revenue Related Expenses	816	2	814
Employee Benefits	4,458	569	3,889
Depreciation and Amortization Expense and Impairment Losses	428	(682)	1,110
Other Operating Expenses	1,901	(288)	2,189
Total Operating Expenses	**7,603**	**(399)**	**8,002**
Operating Income	**524**	**473**	**51**
Interest and other Financial Income	40	15	25
Interest and other Financial Expense	(29)	19	(48)
Share in Profit (Loss) of Associates	(99)	-	(99)
Income before Tax	**436**	**507**	**(71)**
Corporate Income Tax	131	(2)	133
Net Income	**567**	**505**	**62**

Other Income related IFRS effect pertains to the reclassification of Government Grants. Employee benefits reflect both the Stock Option Plan related expenses and the R&D capitalization and amortization changes.

Revenues have been adjusted reflecting the effects of a refined currency translation. More accurately reflecting weighted average exchange rates over the period.

Explanation of Material Adjustments to the Cash Flow Statement for the year ending September 30, 2005 from Dutch GAAP to IFRS

Under both IFRS and Dutch GAAP the Consolidated Cash Flow Statements have been prepared using the indirect method. As the requirements for Cash Flow Statements are principally the same under both Dutch GAAP as IFRS there are no material adjustments to be reported in cash flows under IFRS compared to Dutch GAAP.

Quarterly Income Statements under IFRS for years ended September 30, 2006

In the course of financial year 2006 TIE has reported consolidated balance sheets and income statements under IFRS. In preparing these first financial statements under IFRS a number of changes have been made to the results previously reporter under the preliminary IFRS applied. These changes are the result of both changes in the FTA balance sheet of TIE as well as a more refined understanding and improved application of IFRS on a number of items.

The schedules below provide an overview of the previously reported results, and the restated results under IFRS and the changes made.

	2006				
	Total	**Q4**	**Q3**	**Q2**	**Q1**
Revenues					
Licenses	1,999	707	381	373	538
Maintenance and Support	3,249	767	807	836	839
Consultancy	1,860	396	354	541	569
Software as a Service	1,295	521	312	252	210
Other Income	31	23	-	5	3
Total Revenue	**8,434**	**2,414**	**1,854**	**2,007**	**2,159**
Book profit sold fixed assets / subsidiary	17	13	4	-	-
Operating Expenses					
Revenue Related Expenses	984	251	188	251	294
Employee Benefits	5,244	1,493	1,129	1,441	1,181
Depreciation and Amortization Expense and Impairment Losses	662	176	168	164	154
Other Operating Expenses	2,319	641	353	810	515
Total Operating Expenses	**9,209**	**2,561**	**1,838**	**2,666**	**2,144**
Operating Income	**(758)**	**(134)**	**20**	**(659)**	**15**
Interest and other Financial Income	8	-	3	3	2
Interest and other Financial Expense	(23)	(12)	(6)	-	(5)
Share in Profit (Loss) of Associates	-	-	-	-	-
Income before Tax	**(773)**	**(146)**	**17**	**(656)**	**12**
Corporate Income Tax	1,814	1,814	-	-	-
Net Income	**1,041**	**1,668**	**17**	**(656)**	**12**
Net Income previously reported on a quarterly basis	651	1,320	16	(696)	11
Changes (after tax):					
Additional accrual TIE Holding	(40)	(40)	-	-	-
Effect deferred sales commission	47	11	4	32	-
Adjustment to capitalization and amortization R&D	(35)		(7)	(9)	(19)
Higher depreciation& amortization	(96)	(96)	-	-	-
Adjusted Corporate income tax	474	474	-	-	-
Adjusted stock option expense	33	-	11	11	11
Exchange	7	(1)	(7)	6	9
Net effect of changes (after tax)	**390**	**348**	**1**	**40**	**1**

In the course of financial year 2006 TIE has reported consolidated balance sheets and income statements under IFRS. In preparing these first financial statements under IFRS a number of changes have been made to the results previously reported under the preliminary IFRS applied.

These changes are the result of both changes in the FTA balance sheet of TIE as well as a more refined understanding and improved application of IFRS on a number of items. The result for the year 2005 as reported on November 28, 2006 amounted to EUR 1,053k. The accumulated net income for the quarters disclosed above amounts to EUR 651k, as detailed below:

Net Income previously reported on a quarterly basis	651
Retrospective adjustments to quarterly results reported in fourth quarter year end total	1,053
Retrospective adjustments eliminated in 2006 IFRS Financial Statements	**(402)**

The difference shown pertains to preliminary IFRS interpretations that have been reversed out in the process of finalizing the IFRS financial statements.

The main differences between previously reported quarterly income based and the quarterly reports shown above are:

- The change in estimate regarding the Deferred Tax Asset pertaining to the activities in the US
- Refining the calculation of the stock option expense
- Capitalization and amortization adjustments pertaining to the R&D asset
- Higher depreciation and amortization charges in the fourth quarter on R&D and Software
- The effects of deferring sales commissions paid on contracts with a term of 12 to 36 months and amortizing these expenses over the life of that contract.

TIE Holding NV

FINANCIAL STATEMENTS

for

the financial year 2006

October 1, 2005 – September 30, 2006

Financial Statements

Consolidated Balance Sheet as at September 30, 2006

(Before proposed appropriation of results)

(Notes to the Consolidated Balance Sheet from page 52 onwards)

Assets

(EUR x 1,000)	Notes	2006	2006	2005	2005
Non Current Assets					
Intangible fixed assets	1)				
Goodwill		2,404		940	
Other intangible fixed assets		1,823		1,057	
			4,227		1,997
Tangible fixed assets	2)				
Property, Plant and Equipment		299		283	
			299		283
Financial fixed assets	3)				
Deferred Tax Asset		2,617		820	
Loans and Receivables		179		331	
Associates		-		2	
Other		-		-	
			2,796		1,153
Total Non Current Assets			**7,322**		**3,433**
Current Assets	4)				
Trade Debtors and Other Receivables					
Trade Debtors		1,564		1,554	
Social Security Prepaid		-		-	
Other Receivables and Prepayments		407		291	
			1,971		1,845
Cash and Cash Equivalents			262		166
Total Current Assets			**2,233**		**2,011**
Total Assets			**9,555**		**5,444**

Equity and Liabilities

(EUR x 1,000)	Notes	2006		2005	
Equity	5)				
Shareholders' Equity		2,649		993	
Convertible Bonds		2,140		-	
Capital and Reserves attributable to equity holders of TIE			4,789		993
Minority Interest			-		-
Total Equity			**4,789**		**993**
Non Current Liabilities	6)				
Provisions		336		906	
Total Non Current Liabilities			**336**		**906**
Current Liabilities	7)				
Provisions		338		260	
Credit Facility		195		-	
Trade Creditors		786		757	
Deferred Revenue		1,827		1,596	
Affiliated Companies		4		22	
Taxation and Social Security		179		165	
Other Payables and Accruals		1,101		745	
Total Current Liabilities			**4,430**		**3,545**
Total Equity and Liabilities			**9,555**		**5,444**

The Company's financial year runs from October 1st until September 30th. Financial year 2006, covering the period October 1, 2005 until September 30, 2006 is referred to as 2006. The comparatives pertaining to the period October 1, 2004 until September 30, 2005 are referred as 2005.

Consolidated Income Statement for the year ended September 30, 2006

(Notes to the Consolidated Income statement from page 65 onwards)

(EUR x 1,000)	Notes	2006		2005	
Revenues					
Licenses		1,999		2,111	
Maintenance and Support		3,249		3,122	
Consultancy		1,860		1,918	
Software as a Service		1,295		660	
Other Income		31		89	
Total Revenue			**8,434**		**7,900**
Book profit sold fixed assets / subsidiary			17		227
Operating Expenses	8)				
Revenue Related Expenses		984		816	
Employee Benefits		5,244		4,458	
Depreciation and Amortization Expense and Impairment Losses		662		428	
Other Operating Expenses		2,319		1,901	
Total Operating Expenses			**9,209**		**7,603**
Operating Income			**(758)**		**524**
Interest and other Financial Income	9)		8		40
Interest and other Financial Expense			(23)		(29)
Share in Profit (Loss) of Associates	10)		-		(99)
Income before Tax			**(773)**		**436**
Corporate Income Tax	11)		1,814		131
Net Income			**1,041**		**567**
Attributable to:					
Shareholders TIE			1,041		567
Minority interest					
Net result per share – basic	12)		0.02		0.02
Weighted average shares outstanding – basic (thousands)			42,553		33,110
Net result per share – diluted			0.02		0.02
Weighted average share diluted (thousands)			43,531		33,445

Consolidated Statement of Changes in Equity for the year ended September 30, 2006

(EURx1,000)	Share Capital (Incl Surplus)	Retained Earnings	Foreign Currency transla-tion Reserve	Sharehol-ders Equity	Convertible Bonds	Equity attributable to equityhol-ders of TIE	Minority Interest	Total Equity
Opening balance under IFRS October 1, 2004	**43,499**	**(48,302)**	**-**	**(4,803)**	**3,223**	**(1,580)**	**-**	**(1,580)**
Foreign currency translation reserve	-	-	32	32	-	32	-	32
Net income recognized directly in Equity	**-**	**-**	**32**	**32**	**-**	**32**	**-**	**32**
Net Income recognized in the Income Statement	-	567		567	-	567	-	567
Total recognized net income for 2005	**-**	**567**	**32**	**599**	**-**	**599**	**-**	**599**
Shares Issued and Share premium	5,207	-	-	5,207	-	5,207	-	5,207
Distributions to Bond Holders	-	(35)	-	(35)	-	(35)	-	(35)
Redemption Convertible Bonds	-	-	-	-	(3,223)	(3,223)	-	(3,223)
Cost of Shares Issued	(130)	-	-	(130)	-	(130)	-	(130)
Share based payments	-	107	-	107	-	107	-	107
Other Movements	(1)	49	-	48	-	48	-	48
Balance per September 30, 2005	**48,575**	**(47,614)**	**32**	**993**	**-**	**993**	**-**	**993**
Foreign currency translation reserve	-	-	(63)	(63)	--	(63)	-	(63)
Net Income recognized directly in Equity	**-**	**-**	**(63)**	**(63)**	**-**	**(63)**	**-**	**(63)**
Net Income recognized in the Income Statement	-	1,041	-	1,041	-	1,041	-	1,041
Total recognized net income for 2006	**-**	**1,041**	**(63)**	**978**	**-**	**978**	**-**	**978**
Shares Issued and Share premium	710	-	-	710	-	710	-	710
Cost of Shares Issued	(20)	-	-	(20)	-	(20)	-	(20)
Repurchase of Stock options	(125)	-	-	(125)	-	(125)	-	(125)
Issued Convertible Bonds	-	-	-	-	2,140	2,140	-	2,140
Share based payments	-	113	-	113	-	113	-	113
Balance per September 30, 2006	**49,140**	**(46,460)**	**(31)**	**2,649**	**2,140**	**4,789**	**-**	**4,789**

Consolidated Cash Flow Statement for the year ended September 30, 2006

(EUR x 1,000)	2006		2005	
Income before tax		(773)		436
Depreciation, amortization and Impairments		662		428
(Increase) decrease in debtors	(6)		(777)	
(Decrease) increase in deferred revenue	(108)		18	
(Decrease) increase in current liabilities	346		(189)	
		232		(948)
		121		(84)
Increase (decrease) provisions	(493)		(564)	
Share based payments expense	113		107	
Realized gain on sold fixed assets	(17)		(227)	
Other movements	49		(34)	
		(348)		(718)
Cash flow generated / (applied) in operating activities		**(227)**		**(802)**
Investments in financial fixed assets			(116)	
Disinvestment in financial fixed assets	155			
Investments in intangible fixed assets	(495)		(726)	
Disinvestments tangible fixed assets	17			
Investments in tangible fixed assets	(123)		(78)	
Investments in business combinations	(374)		(106)	
Interest received	9		7	
Dividend received	-		25	
Cash flow generated / (used) in investing activities		**(811)**		**(994)**
Distribution to Bondholders	-		(32)	
Interest paid	(20)		(24)	
Increase (decrease) bank overdrafts/loans short term	195		-	
Issue of convertible bonds	400		-	
Costs of shares and bonds issued	(20)		(130)	
Shares issued and share premium	585		1,492	
Cash flow generated / (used) by financing activities		**1,140**		**1,306**
Net increase (decrease) in Cash and Cash Equivalents		101		(490)
Currency Exchange Rate Difference on opening balance Cash and Cash Equivalents		(5)		2
Opening balance Cash and Cash Equivalents		166		654
Closing balance Cash and Cash Equivalents		**262**		**166**

Notes to the Consolidated Cash Flow Statement

Movements in current assets, deferred revenues and current liabilities take into consideration the balances (outstanding at balance sheet date) acquired in the Digital Channel Business Combination.

2006 shows a significant improvement in the cash flow from operating activities, moving from EUR -802k to EUR -227k, notwithstanding the negative pre tax income in 2006. Although revenues increased compared to 2005 trade debtor balances increased only EUR 6k, compared to EUR 777k prior year.

The year 2006 saw a continued commitment to keeping TIE products at the cutting edge of technology; investing approximately EUR 500k in R&D. Part of the Digital Channel acquisition was paid in cash (EUR 360k) which is reflected in the investing cash flows as well. Redemptions on Loans and Receivables partially funded the investing activities.

In 2006 the principal investing activities pertained to the acquisition of Digital Channel. The funding for this Business Combination is a main driver of the funds generated under financing activities. The 2005 cash flows represent the cash flow in the TIE France Business Combination. The Nspyre Business Combination was paid in shares. Proceeds from share issues were utilized to fund operations and investments in R&D.

Notes to the Consolidated Financial Statements

Corporate Information

TIE Holding N.V. and its subsidiaries (together the Company) develops, sells and distributes software and services in the B2B Integration sector all over the world through a network of subsidiaries and resellers, the Company has been active not only in the software development but in the standardization process as well.

TIE Holding N.V. is a public company incorporated in the Netherlands with its registered address at Beech Avenue 180, Schiphol-Rijk. Subsidiaries are located in France, the Netherlands and the US. TIE is listed on the EuroNext Stock Exchange of Amsterdam.

The consolidated financial statements for the year ended September 30, 2006 are authorized for issue through a resolution of the Board of Directors dated January 30, 2007.

In accordance with this resolution, the Annual General Meeting of Shareholders, to be held on February 14, 2007, is requested to decide on the Consolidated Financial Statements.

Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the Company, included on pages 34 to 86, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations as adopted by the European Union. These are the Company's first consolidated financial statements in accordance with IFRS. The effects of the transition to IFRS as of October 1, 2004 and the effects on the financial position, financial performance and cash flows can be found on pages 70 to 76. The preparation of these financial statements in accordance with IFRS requires management to use certain critical accounting estimates and exercise judgment in applying the Company's accounting policies including assumptions and estimated regarding future results and or developments including the likelihood, timing and amount of future cash flows and events. Applied judgments and estimates critical to the presentation are discussed in detail on page 41 onwards.

The following IFRS accounting policies are (expected to be) introduced that may be of relevance for the 2007 Financial Statements of the Company:

- Amendments to IAS1 Capital Disclosures
- IFRIC8 Scope IFRS2 Share Based Payments
- IFRIC11 IFRS2 Group and Treasury Share Transactions
- IFRS 7 Financial Instruments - Disclosures
- IFRS8 Operating Segments

The Company intends to adopt these standards as per the required date of adoption subject to EU endorsement of these standards.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (EUR x 1,000) unless otherwise indicated.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Based upon its current year operating plan, the Company expects to improve future cash inflows through increased sales and further improve its financial position as reported in these financial statements. Management believes it will have adequate cash to fund its operations, also through the availability of a credit facility in The Netherlands. A proportion of the balance of the trade receivables outstanding is pledged as collateral for this credit facility. Apart from this credit facility at year end 2006 the Company is debt free and Equity amounts to EUR 4.8 million (2005: EUR 993k).

There can be no absolute assurances, however, that the Company's actual cash requirements will not exceed anticipated levels, nor that the Company will generate sufficient revenues to fund its operations. Shareholders of the Company may face dilutive effects of share issues made to raise funds for this purpose. Securities issued may also have associated rights, preferences or privileges.

The Company conducts a significant part of its business in the United States. Earnings and cash flows are therefore exposed to volatility of the US Dollar exchange rate against the Euro. The Company does not hedge against these risks. Global economic and political circumstances might have an adverse effect on the future operations and financial position of the Company as well.

The Company operates in a highly competitive environment subject to rapid technological change and globalization. Although the Management Board believes it remains at the forefront of technological developments, rapid changes in technology could also have an adverse effect of the financial position of the Company.

Cost reduction and profit improvement measures taken in previous years to improve the cash flow from operations are having an effect on the business at present, this is also reflected in the deferred tax asset recognized for the US based activities of the Company. Further measures are being implemented to continue improvements. Based hereon 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 statements of TIE Holding N.V. and its subsidiaries. Subsidiaries are entities over which the Company has direct or indirect power to determine financial and operating policies ('control') so as to obtain economic benefits from its activities. The assessment of control is based on the substance of the relationship between the Company and the entity and, among other things, considers existing and potential voting rights that are presently exercisable and convertible.

The subsidiary's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date and are subsequently accounted for in accordance with the Company's accounting principles and financial year. Intra-group transactions are eliminated. Minority interests are initially stated at their share in the net assets on the acquisition date and subsequently adjusted for the minority's share in changes in the subsidiary's equity. Minority interests are presented separately in both the consolidated balance sheet and the consolidated income statement.

The purchase method of accounting is applied to account for business combinations. The excess of the cost of acquisition, comprising the consideration paid to acquire the interest and the directly related costs, over the Group's share in the net fair value of assets, liabilities and contingent liabilities acquired is recognized as goodwill. When control is obtained in successive share purchases, each significant transaction is accounted for separately. The identifiable assets, liabilities and contingent liabilities are stated at fair value when control is obtained.

Subsidiaries are deconsolidated when control ceases to exist. Any difference between the net proceeds and the carrying amount of the subsidiary is recognized in the income statement.

These accounting principles have been applied to the interests in subsidiaries acquired since the date of transition to IFRS on October 1, 2004. Business combinations have that occurred prior to this date have not been restated.

The 30% participation in TIE France was increased to 50.25%, effective April 13th, 2005, since that date TIE France has been consolidated using the integral method. The minority share in the 2005 losses of TIE France was charged against the Companies majority interest in TIE France and has been recovered through the 2006 profit.

Per June 29th, 2005, the Company acquired 100% of the shares in Nspyre.

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

Name	**Statutory seat**	**Percentage**	
		2006	**2005**
TIE Nederland BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE Product Development BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE International BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE Commerce Inc.	Burlington, MA, USA	100%	100%
Gordian Investments BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
Nextoria BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
Nspyre Solutions BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE France SAS	Montpellier, France	50.25%	From 30% to 50.25%

Segment Information

The Company operates mainly in one business segment (B2B integration) but operates in different countries through subsidiaries. All subsidiaries provide similar products and services. Consequently the primary segment-reporting group is based on the economic environment in which these products and services are provided (the geographical segment) based upon the major markets of TIE:

- The Netherlands
- North America
- The Rest of the World

This breakdown is consistent with the Company's organizational structure and internal reporting structure. The geographical segments are based on the location of the TIE markets and customers.

No secondary business segment information has been identified nor disclosed.

Segment assets, liabilities, revenues and expenses include all revenues and expenses directly attributable to the segment and those revenues and expenses that can be allocated on a reasonable basis to that segment. To the extent that holding company assets, liabilities and expenses can be allocated to segments on a reasonable and consistent basis these items are allocated.

Foreign Currency Translation

Foreign operations prepare their financial statements in the currency of the primary environment in which they operate (functional currency). For consolidation purposes foreign operations are translated into EURO, the functional currency of TIE Holding NV and the designated presentation currency. Assets and liabilities are translated using the closing rate at balance sheet date. Income and expenses are translated using weighted average exchange rates or at the actual rate at the date of the transaction if more appropriate. All resulting exchange rate differences are recognized in a special component of equity. In the event of a sale of a foreign operation the relevant component of the special component of equity pertaining to the entity sold will be released from Equity and included in the realized gain or loss on the sale.

Foreign currency transactions with 3rd parties are translated to the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement.

Inter-company monetary items, which in substance form part of an enterprise net investment, are translated against the closing rate at balance sheet date. An inter-company current account between TIE Holding NV and the US subsidiary TIE Commerce is denominated in USD. All transactions are accounted for at the transaction rate at TIE Holding NV. Currency Exchange Rate Differences are taken to the special component of Equity.

Restating adjustments as a consequence of exchange rate variances between the balance sheet dates are recognized as a separate component of equity.

Upon transition to IFRS on October 1, 2004 the foreign currency translation equity component was reset to zero.

Significant Accounting Judgments and Estimates

Application of the Company's accounting policies in preparation of these financial statements requires management to apply judgment involving assumptions and estimates concerning future events including assessing likelihood, timing and amounts of these future events. There can be no assurance that actual results will not differ materially from these estimates. Accounting policies that are critical to the financial statements presentation and that require complex estimates or significant judgment are discussed below.

Intangible Fixed Assets

Development Costs

Product development costs are eligible for capitalization only when a projected outcome is determined technically feasible and it is deemed probable that future economic benefits will flow from the released product and these economic benefits are expected to exceed capitalized development cost.

In determining both technical and economic feasibility of a project management exercises judgment with respect to the current economic and technical environment as well as expected developments therein. Not only establishing a potential market for the product under development but also estimating potential sales volumes.

Digital Channel Intangible Asset

The Brand name and concept Digital Channel ('DC') has been identified as a separate intangible asset upon acquisition. This asset has been recognized at fair value. As no active market for this asset exists a valuation model was used to determine the fair value of this asset. This valuation model encompasses management's judgment and estimates with respect to the following elements:

- Renewal rate customer contracts
- Discount rate
- Net Cash Flow starting point
- 10 years of CF discounted
- No new business

Impairments of Assets

Impairment of assets is tested on a Cash Generating Unit level. In assessing whether there are indications for impairment management considers changes in the economic and technological environment, sales trends and other indicative data. When testing for impairment a model is applied that determines net present values of future cash flows for Cash Generating Units for comparison with asset carrying values.

The models applied determining the net present value of these future cash flows encompasses management's judgment and estimates with respect to the following elements:

- Discount rate
- Reasonable reliably estimable future cash flows
- Estimated business growth rates

Deferred Tax Asset

In establishing deferred tax assets management's judgment is required in assessing probability and extent of future taxable profits.

Changes in Accounting Estimates

In determining the Deferred Tax Asset management from 2004 onwards has applied a three-year horizon estimating future profits from the US operations. In the 2006 financial statements this horizon has been expanded on the grounds that the favorable development of (taxable) profits from 2004 onwards. Temporary differences have now been recognized in full.

The effect of this change in an accounting estimate, amounting to EUR 1,835 (USD 2,323), has been accounted for in income for the year 2006. This amount is based on management's current best estimate of probable future taxable profits emanating from the US activities of the Company. Further changes in the future may be made as the outlook for the US activities of the Company develops.

With respect to the provision for rentals management has revised its estimates regarding the remaining term current sub letting agreements will run and to what extent they may be extended to match the term of the lease of the Company, ending May 2010. The term of the expected sub letting agreements now matches the term of the Company's lease.

Detailed Description of Accounting Principles

Intangible Fixed Assets

Goodwill

Goodwill is recognized as an intangible asset for interests in subsidiaries and joint ventures acquired after October 1, 2004 and is measured as the positive difference between the cost of the business combination and the Company's interest in the net fair value of the entity's identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill is carried at cost less accumulated impairment charges.

Upon disposal of an entity in relation to which a goodwill balance is held the remaining goodwill balance will be taken to income as part of the gain or loss on disposal of the entity.

Digital Channel Trademark

Upon initial recognition of the assets and liabilities and activities (as per July 1, 2006) obtained through the business combination with Stayer BV, Advinet Plus Effectieve Internetoplossingen BV, Sales and Marketing Partners Ltd and The Knowledge Factory BV, formalized August 24, 2006, a separate intangible fixed asset representing the Digital Channel Trademark (EUR 800k) was recognized. The initial carrying value (EUR 800k) represents the fair value of the Trademark as per July 1, 2006. This fair value was determined by applying a discounted cash flow model using assumptions and managements' best estimates regarding renewal rates, net cash flows and useful life. Future cash flows were discounted using a discount rate of 15%. Subsequent recognition is at cost less accumulated impairment charges.

Based on the expectation that the Digital Channel concept can successfully managed by current and future TIE management, the current level of competition, the international potential for the concept and the high technology standard it is management's opinion that the period over which this asset will generate net cash inflow is indeterminate. Therefore the useful life of the assets is indefinite and no amortization will be applied. The useful life of this asset are reassessed periodically and adjusted when circumstances give rise to such action.

Development Costs

Projects for development of software are broken down into a research phase and a development phase. The costs pertaining to research are expensed immediately. The development costs are recognized as an intangible asset after establishing the technical feasibility of the project, future economic benefits from the project are deemed probable and sufficient resources are available and devoted to the project to facilitate successful completion.

Development costs are amortized based on an expected useful life of three years. The useful life assessment is based on the current experience and the present economic and technological environment. The useful life of this asset are reassessed periodically and adjusted when circumstances give rise to such action.

Software

Software purchased from third parties and the related development and implementation costs are recognized at cost minus and amortized based upon a straight-line method over an estimated useful life of three years. The useful life of this asset are reassessed periodically and adjusted when circumstances give rise to such action.

Impairment

Intangible Fixed Assets with an indefinite useful life are tested for impairment annually, however if at any intermediate time events and circumstances would give rise to do so, an impairment test will be conducted. Intangible Fixed Assets with a finite useful are reviewed periodically to assess whether indications of an impairment exist. When this is the case an impairment test is performed.

Impairment is determined by assessing the recoverable amount of a cash-generating unit to which the Intangible Fixed Assets relate against the carrying amount of the Intangible Fixed Assets. Impairment losses for Cash Generating Units are first charged against goodwill balances of that specific Cash Generating Unit. Any remaining impairments are allocated to the other assets of the Cash Generating Unit as a whole.

Thus resulting in a carrying value for both Development Costs and Software based on cost minus amortization and impairments.

Property, Plant and Equipment

Office equipment (including Furniture, Fixtures and Office Machinery), Hardware and Leasehold Improvements are recognized as Property, Plant and Equipment and measured at cost less accumulated depreciation and impairments. Costs include expenses directly attributable to the acquisition of the asset and the cost of replacing a part of the Property, Plant and Equipment when that cost is incurred and the recognition criteria are met.

Property, Plant and Equipment is depreciated against income on a straight-line basis over its estimated useful life to its estimated residual value (generally nil). Depreciation periods are as follows:

- Leasehold Improvements – 10 years or the term of the lease
- Hardware - 3 years
- Office equipment - 4 years

Useful life estimates are based on management's best estimate of the amount of time over which economic benefits from these assets will flow to the Company. For Leasehold improvements this period has been limited to the term of the rental agreements of the respective office buildings. Computer hardware is generally replaced after a maximum of three years of service.

Annually an assessment is performed establishing whether circumstances exist that would call for an impairment of an individual asset. Residual values and useful lives are reviewed annually and are adjusted when appropriate. Assets are impaired to recoverable value when carrying values are found to be in excess of the recoverable amount of the individual or as part of a Cash Generating Unit for assets that do not generate an independent cash flow. Impairment losses for Cash Generating Units as a whole are first charged against the Goodwill balances of the Cash Generating Unit. Any remaining impairments are allocated to the assets of the Cash Generating Unit as a whole. Any reversal of an impairment loss is immediately recognized in income.

The carrying amount of an asset is derecognized in the event that no future economic benefit is expected to arise from its use or disposal. Gains and or losses on derecognition are the difference between the net disposal proceeds and the carrying value of the asset. Gains and or losses on derecognition are accounted for in income.

Financial Fixed Assets

Associates

Associates are entities over which TIE has significant influence over financial and operating policy decisions but not control. Associates are accounted for under the equity method. Shareholdings in associates are initially recognized at cost. This includes any goodwill arising on acquisition. The carrying value is subsequently adjusted to reflect the change in the Company's share in the net assets of the associate. The Company's share in net income (loss) is reflected in income. The Company's share in losses is recognized until the equity investment and other qualifying financial investments are reduced to zero. Gains and losses on transactions between the company and the associate are eliminated to the extent of the Company's interest in the associate.

Associates are subjected to an impairment test as described above at least annually.

The Company holds a participation of 18% in Retail Connect B.V. Given the results over the first three years, the book value of this Associate and all other related monetary interests were impaired (2003) and have been maintained at that balance since.

Deferred Tax Assets

Deferred Tax Assets reflect the net tax effect of losses carried forward and temporary timing differences between the carrying amounts of assets (for instance Goodwill) for financial reporting purposes and the amounts determined for income tax purposes. Deferred tax assets are recognized only when future profits against which the losses carried forward can be utilized are deemed probable.

Tax assets are measured applying tax rates that have been enacted or substantively enacted by the balance sheet date.

The Deferred Tax Asset is re-evaluated annually taking into consideration the unrecognized Deferred Tax Asset as well as changes in the outlook and economic drivers underlying the recognition of the Deferred Tax Asset.

Loans and Receivables

Loans and receivables are measured at amortized cost using the effective interest method. This involves calculating the net present value of future cash flows using the current market rate at the time of initial recognition of the asset. Interest is accounted for in the income statement at the effective interest rate at the time of the initial recognition of the asset.

The difference between the effective interest rate and the (notional) interest receivable is allocated to the asset balance changing its carrying value.

Trade Receivables

Trade receivables are recognized at amount receivable less a provision for uncollectability. The provision for uncollectability is set up on an item for item basis when there is evidence of uncollectability. The provision represents the difference between the carrying value of the trade receivable and management's best estimate of the future cash flow resulting from the item.

All strengthening of and releases from the provision are accounted for in income.

Deferred Sales Commissions

Sales commission arrangements with employees and non-employees are deferred and expensed over the period the related revenue is accounted for. This means sales commissions relating to license fees are expensed immediately whereas sales commissions relating to service provided over an extended period of time are deferred and amortized over that period.

Other Receivables and Prepayments

Other receivables and prepayments are recognized at the amounts at which they are incurred or receivable.

Cash & Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits and possible other short term highly liquid investments with original maturities of three months or less.

Equity

Shareholders' Equity

Financial instruments issued by the Company to the extent that they evidence a residual interest in the assets of the Company are classified as Equity.

All proceeds from the issue of equity instruments or considerations paid for the purchase of equity instruments are recognized in Equity. Incremental external costs directly attributable to the issuing of TIE equity instruments are also recognized in Equity, net of tax.

Dividends and other distributions to holders of equity instruments are recognized in Equity net of tax. A liability for dividends payable is not recognized until the dividends have been declared and approved by the General Meeting of Shareholders.

Convertible Bonds

Convertible bonds issued by the Company have been classified as Equity based on the fact that under the terms and conditions of these bonds there is evidence of a residual interest in the Company's assets after deducting all of the Company's liabilities. Where applicable split accounting has been applied. Distributions to holders of equity instruments are recognized directly in equity net of tax.

For Convertible Bonds where a liability component has been identified with respect to interest payments in cash a liability is set up against Equity.

Non Employee Stock Options

Stock Options issued to non employees are Gross Settled Stock Options under the terms of the respective contracts and therefore qualify as Equity Instruments. Any considerations received for such options will be accounted for in Equity. Any cash flows at settlement are accounted for in Equity as well.

Minority Interests

Minority interests represent the minority shareholder's interest in the net asset value of consolidated subsidiaries. Should losses attributable to the minority exceed the minority interest in the subsidiaries equity the excess losses are attributed to the Company except to the extent that the minority shareholder has both an obligation and the means to cover these losses. These additional losses will be clawed back from future profits when these occur.

Non Current Liabilities

Provisions

In the circumstance of a present obligation as a result of an obligating past event with a probable future outflow of resources to settle the obligation at an amount that can be estimated reliably the Company recognizes a provision.

Provisions are measured at the present value of the future outflow expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The change in the time value of future outflows is recognized under expenses. The time value is considered a material component.

To the extent that future events are likely to occur and are expected to have an effect on the amount required to settle a recognized liability these future events are taken into consideration in determining the appropriate provision level. Provisions are reviewed at each balance sheet date and will be adjusted to reflect the current best estimate.

Current Liabilities

Credit Facility

Bank overdrafts under the ABN-AMRO Credit Facility are shown under current liabilities on the balance sheet.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and can be measured reliably. Revenue is measured at the fair value of the consideration received excluding taxes but after deduction of discounts and rebates and after all significant risks and rewards have been transferred.

The Company generates income from the following sources:

- Software license fees
- Maintenance and Support
- Consultancy Services
- Software as a Service
- Other income

Licenses

Revenues from software licenses are recognized when the purchase agreement has been reached with the customer and the software is shipped to the client. At that point in time a:

- Non-revocable agreement has been reached;
- Delivery of the software has been made;
- The fee is determinable;
- The collection of the receivable outstanding is deemed probable by management.

Maintenance and Support

Maintenance subscriptions include relevant updates and upgrades of TIE products and (telephone) support. The related revenues are generally invoiced in advance for a twelve-month period and therefore deferred and recognized over the contract period.

Consultancy Services

Consultancy services are generally provided over a short period of time and the outcome of the transaction can be estimated reliably. Revenues thereof are recognized in the period in which the service is provided on a percentage of completion basis.

Software as a Service (SaaS)

SaaS pertains to all hosting, webEDI (TiedByTIE) and Value Added Network services. These services are generally provided on the basis of a 12, 24 of 36 month contract whereby fees are based on actual use of the service or a subscription fee or a combination of thereof.

Additionally SaaS revenue includes revenues from marketing channel management branded as Digital Channel, these services are provided on a subscription basis with a fixed contract period, generally 12 months. Other revenues consist of revenues from marketing campaigns, which are invoiced on a pay as you go basis. Revenues are accounted for on a percentage of completion basis.

Other Income

Government grants are accounted for under other income. Government grants pertaining to the SEEMseed and SEEMless projects are recognized only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. These government grants are recognized as income over the periods necessary to match them with the related costs, which they are intended to compensate.

Deferred Revenues

Deferred revenues consist of the unearned portion of revenues pertaining to maintenance and digital channel subscriptions as well as amounts invoiced in advance on software design, installation and consultancy projects.

Revenue Related Expenses

Revenue related expenses represent the cost directly associated with revenue. This includes licenses, third party consultants and cost of third party software.

Employee Benefits

Short term Employee Benefits

Short-term employee benefits entail salaries payable over past service, short-term compensated absences where the absences are expected to occur within twelve months after the end of the period in which the employee render the related service, profit sharing or bonus arrangements. A liability is set up to the extent that amounts are due based on rendered services.

In the event of non-accumulating absences a liability is recognized (expensed) as soon as the absence occurs.

Termination Benefits

Termination benefits are the result of the Company’s decision to terminate an employee’s employment before normal retirement date. Termination benefits are expensed immediately when the Company is demonstrably committed to terminate employment prior to normal retirement date. The termination benefits include all termination of employment related expenses

Post Employment Benefits

The Company operates with insured defined contribution pension plans in the Netherlands. Under the terms and conditions of this plan the Company has no obligation towards the employees covered under the plan other than to pay a fixed contribution. The contributions payable are recognized as an expense in income. To the extent that the paid amount exceeds the amount due for services rendered, an asset is recognized. Plan contributions payable to third party insurer are recognized as a liability.

There are no collective or individual pension plans in the foreign subsidiaries.

Share Based Payments

The Company has issued employee stock option plans that entitle employees to receive equity instruments issued by the Company. These Stock Option Plans are classified as Equity Settled Instruments. Stock Options issued after January 1, 2005 will have a vesting period of three years after issuance. The expense resulting from the options is based on the fair value of the options at grant date. The expense is recognized in income, with the offsetting entry in Equity, over the term in which the services are rendered i.e. the vesting period of the options. The expense reflects management’s best estimate of the number of stock options expected to vest.

Any considerations received net of any directly attributable transaction costs are accounted for in Equity upon exercise of the options.

Where a Stock Option Plan is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the option is recognized immediately. However, if a new Option Plan is awarded in substitution of the cancelled plan and is designation as such the cancelled options and the substitution options are treated as if they are a modification of the original options.

Modifications to Stock Option Plans are expensed at a minimum to the amount of the original stock option plan. An additional expense is recognized to the extent the modification result in an increased fair value of the modified options compared to the original option.

Leases

Leases in which a significant portion of the risks and reward of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Earnings per Share

Basic earnings per share are calculated by dividing net income attributable to equity holders of TIE after deduction of interest on Convertible Bonds, by the weighted average number of shares outstanding.

Diluted earnings per share take into effect the dilutive effect of convertible instrument and stock options upon exercise or conversion. The dilutive effect of these instruments amounts to the number of shares issuable under the terms and conditions of these arrangements for no consideration. The fair value of future service for (partially) unvested stock options has been taken into consideration by adjusting the exercise price for these options.

Stock options are considered non-dilutive when the exercise price of the options in excess of the average market price of the shares during the period. Convertible bonds are considered non-dilutive when the related interest net of tax and other changes to income and expense per ordinary share obtainable upon conversion exceed the basic earnings per share.

Post Balance Sheet Events

These financial statements include the effects of events, that have occurred between balance sheet date and the date when these financial statements are authorized for issue, to the extent that these events give evidence of conditions that existed at balance sheet date. Effects of events that arose post balance sheet are disclosed but have not resulted in an adjustment of the financial statements.

Risk Management

The Company activities expose it to a variety of risks including market risks (including currency risk, interest rate risk and price risk) credit risk and liquidity risk. The Company neither holds nor issues financial instruments for trading or hedging purposes. The significant financial risks are discussed below.

Currency Risk

The Company operates across the globe in different currency environments and is exposed to foreign exchange risks mainly with respect to the US dollar. To minimize the exposure it is the intention to balance assets and liabilities in dollars as much as possible.

The Company's net income is however affected directly by changes in the currency exchange rates affecting the weighted average rate applied for translating the USD denominated profits to EUR.

Credit Risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. In relevant situations credit risk is mitigated through collateralizing outstanding balances.

Liquidity Risk

The liquidity risk exposure of the Company is limited due to the fact that the majority of the financial instruments outstanding have no mandatory cash settlement option. This means repayment of debt will take place through conversion into common shares TIE Holding N.V. The majority of outstanding financial instruments are non-interest bearing. Again this limits the exposure to liquidity risk.

Interest Rate Risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure of the Company to this risk is limited due to the nature of the financial instruments the Company holds and the fact that assets are held to maturity and the convertible bonds are expected to be converted into common shares either on or prior to maturity date.

Business Combinations

On July 1, 2006 TIE obtained control over the Assets and Liabilities transferred under the agreement reached with Stayer Holding B.V., Advinet Plus Effectieve Internetoplossingen BV, Sales & Marketing Partners Ltd and The Knowledge Factory B.V., together operating under the name Digital Channel. The Digital Channel concept is a unique concept in the Dutch market linking consumers to retailers by providing reliable product information in the chain where it matters. Among others Digital Channel is providing services under the following channels:

- IT Channel
- Office Channel
- Supplies Channel
- Telecom Channel

Additionally Digital Channel provides services to clients developing a web presence or in developing a specific concept.

Purchase Price	2,100
Direct costs of acquisition	35
Total Purchase Price Consideration	**2,135**
Net fair value of acquired assets and liabilities	650
Goodwill excluding DC Concept and Contract Base	**1,485**
DC Trademark	800
Total Intangible Assets resulting from Business Combination	**2,285**

The cost of the acquisition and the recognized Goodwill balance reflects management's expectancy that the combination of the TIE products and Digital Channel has significant potential for generating revenues in excess of levels as per acquisition date. As part of the Company the Digital Channel products can be introduced effectively in all TIE markets, which increases its earnings potential as well.

The Goodwill balance recognized has been determined provisionally on the basis of the information available up to balance Sheet date and may be revised under IFRS3.

The assets and liabilities acquired through this transaction are as follows:

	Book Value	**Fair Value**
Digital Channel Trademark	1,600	800
Software	22	22
Property, Plant and Equipment	16	16
Trade debtors	279	272
Cash and Cash Equivalents net of Bank Overdraft	(14)	(14)
Deferred revenues	(339)	(339)
Trade creditors	(107)	(107)
Net total	**1,457**	**650**

The issue of convertible bonds amounting to EUR 2,140 funded the Digital Channel Business Combination. For further details please refer to the disclosure regarding Convertible Bonds in the Notes to the Consolidated Balance Sheet. EUR 360k of the total purchase price was paid in cash.

Aggregate Revenue and Net Income and revenue as required under IFRS3.70 has not been disclosed, as it is costly and impractical to provide reliably as businesses were integrated after the Business Combination.

During financial year 2005 two business combinations were completed. On April 13, 2005 a transaction was completed bringing the combined interest in TIE France to 50,25%. Goodwill accounted for amounted to EUR 132. Nspyre was acquired June 29, 2005 against payment of 300.000 shares TIE Holding NV. Goodwill amounted to EUR 171k.

The TIE France acquisition was a consecutive share purchase where the initial share purchase had not resulted in the recognition of goodwill.

The second share purchase (20.25%) did as detailed below:

Purchase Price	89
Direct costs of acquisition	17
Total Purchase Price Consideration	**106**
Net fair value of acquired assets and liabilities	(26)
Goodwill	**132**

The fair value of the net asset balance acquired (EUR -25k), approximates the carrying value of the assets and liabilities acquired in the business combination. TIE France contributed EUR 325k in revenues in the consolidated accounts. Net income amounted to a loss of EUR -172k, which was largely accounted for under Share in Profit (Loss) of Associates (EUR -99k). The recognition of Goodwill is attributable to the business potential of TIE France in the French market and supported by cash flow prognosis.

The Nspyre acquisition can be detailed as follows:

Purchase Price		111
Earn out provision		58
	Total Purchase Price Consideration	**169**
Net fair value of acquired assets and liabilities		(2)
	Goodwill	**171**

The fair value of the net asset balance acquired (EUR -2k), approximates the carrying value of the assets and liabilities acquired in the business combination. The Goodwill is attributable to the synergies expected from embedding the Nspyre software into the TIE product suite.

Aggregate Revenue and Net Income and revenue as required under IFRS3.70 has not been disclosed, as it is costly and impractical to provide reliably as accounting principles of the Company and Nspyre differed prior to the Business Combination and the Nspyre business has been integrated into the Company efficiently after completion of the acquisition.

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)

Segment results for the year ended September 30, 2006

	The Netherlands	**North America**	**Rest of World**	**Total**
Revenues				
Licenses	569	1,102	328	1,999
Maintenance and Support	992	2,087	170	3,249
Consultancy	497	883	480	1,860
Software as a Service	846	88	361	1,295
Other Income	20	10	1	31
Total Revenue	**2,924**	**4,170**	**1,340**	**8,434**
Book profit on sold assets	-	17	-	17
Operating Expenses				
Revenue Related Expenses	509	450	25	984
Employee Benefits	2,390	2,194	660	5,244
Depreciation and Amortization Expense and Impairment Losses	454	186	22	662
Other Operating Expenses	1,099	1,107	113	2,319
Total Operating expenses	**4,452**	**3,937**	**820**	**9,209**
Operating Income	**(1,528)**	**250**	**520**	**(758)**
Interest and Other Financial Income	8	-	-	8
Interest and other Financial Expense	(23)	-	-	(23)
Share in Profit (Loss) of Associates	-	-	-	-
Income before Tax	**(1,543)**	**250**	**520**	**(773)**
Corporate Income Tax	-	1,835	(21)	1,814
Net Income	**(1,543)**	**2,085**	**499**	**1,041**

Other segment items included in the Segment Balance Sheet as per September 30, 2006 or further details of items in the segment Profit and loss account are:

	The Netherlands	North America	Rest of World	Total
Total Assets	4,074	4,803	678	9,555
Total Liabilities	2,413	1,170	1,183	4,766
Investments in Non Current Assets	2,605	331		2,936
Recurring revenues	1,838	2,175	531	4,544
Non recurring revenues	1,086	1,995	809	3,890
Total revenues	**2,924**	**4,170**	**1,340**	**8,434**
Depreciation and Amortization	455	185	22	662
Non Cash expenses other than depreciation and amortization	37	68	8	113
Impairments	-	-	-	-
FTE	37	31	13	81
Termination Benefits	115	-	-	-

During the second quarter of 2006 a reorganization was put into effect in The Netherlands. The Termination Benefits paid are material in the context of net income for the segment and are therefore disclosed separately. Recurring revenues and Non-recurring revenues reflect the difference between revenues of a recurring nature from a continuing business relationship such as maintenance and SaaS revenues. Non-recurring revenues are revenues resulting from a single transaction such as license sales.

Segment results for the year ended September 30, 2005:

	The Netherlands	North America	Rest of World	Total
Revenues				
Licenses	675	1,115	321	2,111
Maintenance and Support	901	2,071	150	3,122
Consultancy	563	819	536	1,918
Software as a Service	526	-	134	660
Other Income	87	2	-	89
Total Revenue	**2,752**	**4,007**	**1,141**	**7,900**
Book profit on sold assets	227	-	-	227
Operating Expenses				
Revenue Related Expenses	501	297	18	816
Employee Benefits	2,006	2,077	375	4,458
Depreciation and Amortization Expense and Impairment Losses	319	91	18	428
Other Operating Expenses	885	876	140	1,901
Total Operating expenses	**3,711**	**3,341**	**551**	**7,603**
Operating Income	**(732)**	**666**	**590**	**524**
Interest and Other Financial Income	15	-	25	40
Interest and Other Financial Expense	(12)	(14)	(3)	(29)
Share in Profit (Loss of Associates)	-	-	(99)	(99)
Income before Tax	**(729)**	**652**	**513**	**436**
Corporate Income Tax	-	131	-	131
Net Income	**(729)**	**783**	**513**	**567**

Other segment items included in the Segment Balance Sheet as per September 30, 2005 or further details of items in the segment Profit and loss account for the year then ended are:

	The Netherlands	North America	Rest of World	Total
Total Assets	2,175	2,622	647	5,444
Total Liabilities	2,050	1,230	1,171	4,451
Investments in Non Current Assets	794	293	23	1,110
Recurring revenues	1,427	2,071	284	3,782
Non recurring revenues	1,325	1,936	857	4,118
Total revenues	**2,752**	**4,007**	**1,141**	**7,900**
Depreciation and Amortization	319	91	18	428
Non Cash expenses other than depreciation and amortization	56	49	2	107
FTE	39	34	6	79

In addition to the primary segment disclosures above the following provides an overview of the number of FTE per department within TIE. The breakdown shows the number of FTE per department at year-end:

	2006	2005
Research and Development	15	14
Sales and Marketing	18	18
Consulting and Support	36	31
General and Administrative	17	16
Total	**86**	**79**

The actual geographical distribution of assets differs from the asset distribution disclosed above as part of the segment information. The geographical distribution of assets is disclosed below:

	2006	2005
The Netherlands	4,676	2,329
North America	4,527	2,810
Rest of World	352	305
Total	**9,555**	**5,444**

The assets in the Netherlands include 100% of the TIE Holding assets.

Notes to the Consolidated Balance Sheet

(Accounts on page 34)

1) Intangible Fixed Assets

The Intangible Fixed Asset balance breaks down into the following components:

	2006	2005
Goodwill	2,404	940
Digital Channel trademark	800	-
Software Development Costs	748	764
Software	275	293
Total	**4,227**	**1,997**

Movements in these balances are disclosed in further detail below.

Goodwill

Goodwill is measured as the positive difference between the cost of the business combination and the Company's interest in the net fair value of the entity's identifiable assets, liabilities and contingent liabilities.

The movements in the Goodwill balance are as follows:

	2006	2005
Net book value per October 1,	940	626
Acquired through Business Combinations	1,485	303
Translation adjustment	(21)	11
Net book value per September 30,	**2,404**	**940**

The business combination with Digital Channel was formalized as per August 24, 2006. Assets and liabilities transferred effectively as per July 1, 2006. Control over assets and liabilities and related economic risk was transferred to the Company as of that date (July 1, 2006). The Digital Channel activities have been fully integrated into TIE Nederland BV. The full acquisition consideration amounted to EUR 2,135. Total Goodwill amounted to EUR 1,485. The Digital Channel Concept and Client Base is included under Other Intangibles (EUR 800k).

During financial year 2005 two business combinations were completed. On April 13, 2005 a transaction was completed bringing the combined interest in TIE France to 50,25%. Goodwill accounted for amounted to EUR 132k. Nspyre was acquired June 29, 2005 against payment of 300.000 shares TIE Holding NV. Goodwill amounted to EUR 171k.

Software Development Cost and Purchased Software

	Software development costs	Purchased software
Accumulated investments per October 1, 2004	1,111	489
Accumulated amortization per October 1, 2004	665	289
Carrying value as per October 1, 2004	**446**	**200**
Translation adjustment investments	20	7
Translation adjustment amortization	(20)	(7)
Investments	535	192
Amortization	(217)	(99)
Movements 2005	**318**	**93**
Accumulated investments per October 1, 2005	1,666	687
Accumulated amortization and impairments per October 1, 2005	902	394
Carrying value as per October 1, 2005	**764**	**293**

Translation adjustment investments	(48)	(16)
Translation adjustment amortization	(39)	(16)
Additions	389	106
Acquired through Business Combinations		22
Amortization	(396)	(146)
Movements 2006	**(94)**	**(18)**
Accumulated investments per September 30, 2006	2,007	799
Accumulated amortization and impairments per September 30, 2006	1,259	524
Carrying value as per September 30, 2006	**748**	**275**
Useful Life	3 years	3 years

Development projects have an average life of between 3 and 6 months. Amortization commences at completion of the project when a product is introduced to the market. The average remaining amortization period amounts to 2.5 years.

Digital Channel Trademark

	2006	**2005**
Digital Channel Trademark	800	-
Net book value per September 30,	**800**	**-**

The period over which the Digital Channel Trademark will generate future cash flows has no foreseeable limit. Therefore the useful life of the Digital Channel Trademark is determined to be indefinite. This assessment will be evaluated on an annual basis.

Impairments

Intangible Fixed Assets are tested for impairment annually, however if at any intermediate time events and circumstances would give rise to do so an impairment test will be conducted. Impairment is determined by assessing the recoverable amount of a cash-generating unit to which the Intangible Fixed Assets relate against the carrying amount of the Intangible Fixed Assets.

Impairment losses for Cash Generating Units are first charged against goodwill balances of that specific Cash Generating Unit. Any remaining impairments are allocated to the other assets of the Cash Generating Unit as a whole.

Distribution of Intangible Fixed Assets tested for impairment is as follows:

	The Netherlands	**North America**	**Rest of World**	**Total**
Goodwill	668	1,285	451	2,404
Digital Channel Concept	360	360	80	800
Software Development Costs	367	381	-	748
Software	159	96	20	275
Total	**1,554**	**2,122**	**551**	**4,227**

Impairment tests 2006 are performed on a Cash Generating Unit level using a discounted cash flow model (value in use). Starting point for the tests is the Annual Operating Plan approved by Management for the next financial year.

The plan has run through a number of scenarios using the following assumptions:

	The Netherlands	North America	Rest of World	Total
Net Cash Flow starting Point	(400) - 400	900	0 – 200	500 – 1,500
Shock Losses	Yes	No	No	Yes
Projected Cash Flows	5 years	5 years	5 years	5 years
Growth rate Net Cash Flows	0% - 100%	0%	0%	
Discount Rate	15%	15%	15%	15%

Running multiple scenarios resulted in a number of outcomes with a varying balances of net cash inflow. Impairment decisions have been based on outcomes of these scenarios close to the average of the various outcomes.

These assumptions have varying sensitivities. Using a 10% discount rate would significantly improve the Net Present Value of future cash flows (20%). Variations in Net Cash Flow starting points translate into a change in the NPV at a rate of approximately 300% (at 15% discount rate).

Additional projected cash flow years can be expected to have limited effect under the applied discount rate. Additional years would add less than 50% of the Projected Net Cash Flow decreasing to nil.

2) Tangible Fixed Assets

Property, Plant and Equipment

Movements in Property, Plant and Equipment are shown below:

	Fixtures and Fittings	Hardware	Total
Accumulated investments per October 1, 2004	2,989	1,049	4,038
Accumulated amortization per October 1, 2004	(2,746)	(962)	(3,708)
Carrying value as per October 1, 2004	243	87	330
Movements 2005			
Additions	19	46	65
Acquired through Business Combinations	3	10	13
Disposals at investment value	(936)	(18)	(954)
Depreciation on disposals	921	16	937
Depreciation in profit or loss	(60)	(51)	(111)
Translation adjustment investments	23	24	47
Translation adjustment amortization	(22)	(22)	(44)
Movements 2005	**(52)**	**5**	**(47)**
Accumulated investments per October 1, 2005	2,098	1,111	3,209
Accumulated amortization and impairments per October 1, 2005	(1,907)	(1,019)	(2,926)
Carrying value as per October 1, 2005	**191**	**92**	**283**
Movements 2006			
Additions	84	39	123
Acquired through Business Combinations	1	15	16
Depreciation in profit or loss	(61)	(59)	(120)
Translation adjustment investments	(41)	(45)	(86)
Translation adjustment amortization	40	43	83
Movements 2006	**23**	**(7)**	**16**
Accumulated investments per September 30, 2006	2,142	1,120	3,262
Accumulated amortization and impairments per September 30, 2006	(1,928)	(1,035)	(2,963)
Carrying value as per September 30, 2006	**214**	**85**	**299**
Useful Life	4 to 10 years	3 years	

At balance sheet date there are no restrictions on title. No items of Property Plant and Equipment have been pledged as security against liabilities. The fair value of the Property, Plant and Equipment is deemed to be a close approximation of the carrying value.

3) Financial Fixed assets

Deferred Taxes

A Deferred Tax Asset is recognized for temporary differences regarding, among other items the amortization of goodwill, in the US. The amortization of goodwill carries a fiscal amortization of 20 years but is not amortized under IFRS but was under previous GAAP amortized in 5 years, and Deferred Revenues. The IFRS carrying value of the Goodwill is well below the carrying value for Tax purposes.

The Deferred Tax Asset pertains in full to the activities of the Company in the United States and represents these temporary differences to the extent management expects to recover these items from probable future taxable income. Management has revised its estimate regarding the extent to which these temporary differences will be realized in 2006 resulting in an additional balance EUR 2.0m. This represents the full deferred tax asset available for temporary differences in the United States. The previously recognized Loss Carry Forward component of the Deferred Tax Asset Balance has been derecognized.

A breakdown of and movements in the deferred tax amount is provided below:

	Temporary Differences	Loss Carry Forward	Total
Balance at October 1, 2004	**670**	**-**	**670**
Movements 2005			
Credited against Income	-	131	131
Net currency translation effect	19	-	19
Balance at September 30, 2005	**689**	**131**	**820**
Movements 2006			
Credited against Income	1,961	(126)	1,835
Net currency translation effect	(33)	(5)	(38)
Balance at September 30, 2006	**2,617**	**-**	**2,617**

The total available loss carry forward in the US will be available for the next 14 years; the gross amount of this tax asset approximates EUR 1m (USD 1.4m) and remains unrecognized. The full Deferred Tax Asset potential in the United States amounts to EUR 3.7m (USD 4.7m). This means the balance currently recognized represents 70% of the full potential.

In the Netherlands the available but wholly unrecognized loss carry forward amounts to EUR 29.0 m, which is available to offset future taxable income. The gross amount of this tax asset amounts to EUR 9m, which to date remains unrecognized. On November 28, 2006 the Upper House of Dutch Parliament accepted the Bill 'Working on Profit'. In addition to reducing tax rates on taxable income the loss carry forward facility in Dutch Tax Law, which consisted of indefinite carry forward based on the principle of 'totaalwinstgedachte' over the life of a company, will be reduced to 9 years. The Company is in the process of assessing to what extent this will affect the balance of the available loss carry forward.

Loans and Receivables

Loans and receivables are measured at amortized cost using the effective interest method. This involves calculating the net present value of future cash flows using the current market rate at the time of initial recognition of the asset. Interest is accounted for in the income statement at the effective interest rate at the time of the initial recognition of the asset.

The difference between the effective interest rate and the (notional) interest receivable where applicable is allocated to the asset balance changing its carrying value.

Loans and receivables (net of valuation allowance)

	2006	2005
Balance as at October 1,	**331**	**-**
Issued	-	365
Redeemed	(152)	(34)
Balance at September 30,	**179**	**331**

The opening balance 2005 includes a subordinated loan to Retail Connect amounting to EUR 184k for which a valuation allowance has been created leading to a net balance of nil. In 2005 a EUR 250k 4% loan, repayable in monthly annuity installments was issued to SAMAR BV. In addition a EUR 100k loan was issued to Mr. Lucke.

The fair value of these loans year end 2006 amounts to EUR 178k (2005: EUR 329k). As none of these instruments are actively traded this fair value has been determined using a valuation model taking into consideration the future cash flows emerging from these instruments discounted at a current market rate set at 5.5%.

Loans and receivables valuation allowance

	2006	2005
Balance as at October 1,	**184**	**184**
Additions charged to Income	-	-
Released to Income	-	-
Bad Debt charged to valuation allowance	-	-
Balance at September 30,	184	184

The valuation allowance pertains to a subordinated loan to Retail Connect amounting to EUR 184k for which a valuation allowance has been created leading to a net balance of nil. Retail Connect has undergone a financial restructuring which has proven effective to the extent that new receivables emerging from current services provided by TIE are being paid promptly.

A loan (EUR 100k) to Mr. R Lucke minority shareholder (49.75%) of TIE France has been secured by collaterizing his private residence in the Netherlands. This residence has been sold and the proceeds have been used to repay the loan in September 2006.

Total interest income from Loans and Receivables amounted to EUR 8k (2005: EUR 7k). No interest is being accrued on the impaired subordinated loan to Retail Connect (EUR 184k). Interest rates on these loans vary from 0% to 4%.

The risk exposure from these financial assets is predominantly credit risk. This risk is assessed by management and mitigated through collateralizing the loan where possible.

Investments in Associates

The 30% participation in TIE France has been increased to 50.25%, effective April 13, 2005. TIE France is included in the consolidation as of that date. Under IFRS3 Business Combinations the acquisition of the additional 20.25% must be accounted for under IFRS3 under successive share purchases. The objective of IFRS3 is to achieve a balance sheet position post obtaining control, which is irrespective of the accounting method applied before.

This means accounting for the acquired at the combined cost of both acquisitions and relating that cost to the relative share of the fair value of the company’s assets and liabilities at the respective acquisition dates.

The Company holds 18% of the shares of Retail Connect B.V., this participation was impaired to nil in 2003 due to consistent and sizable losses and negative equity position.

The 20% shareholding in TIE Hungary was sold at nominal value in April 2006 (HUF 600k, approximating EUR 2k).

4) Current Assets

Trade Debtors and Other Receivables

	2006	2005
Trade receivables	2,006	1,964
Less: valuation allowance	(442)	(410)
Trade receivables net of valuation allowance	**1,564**	**1,554**
Deferred Sales Commissions	50	-
Other receivables	108	-
Projects to be invoiced (WIP)	84	92
Employees	17	1
Prepayments	148	198
Total	**1,971**	**1,845**

Trade Receivables

There is no significant concentration of credit risk with respect to trade receivables since the Company has a large number of customers spread globally and individual balances are generally below EUR 10k.

At year-end 2006 EUR 223k (2005: -) of these trade receivables were collateralized under the ABN-AMRO Credit Facility.

Deferred Sales Commissions

Deferred Sales Commissions movements can be detailed as follows:

	2006	2005
Balance as at October 1,	**-**	**-**
Deferred Sales Commissions	66	-
Amortization	(15)	-
Currency exchange rate effect	(1)	-
Balance at September 30,	**50**	**-**

Other

Projects to be invoiced relates to costs made for a finished project on which the European commission granted subsidies for an amount of EUR 25k, hosting service still to be invoices EUR 22k and other projects in progress on which expense has been capitalized EUR 37k. Prepayments Include prepaid rent, car lease payments and prepaid insurance premiums.

Cash and cash equivalents

	2006	2005
Cash at banks	262	166
Total	**262**	**166**

The reported cash balance is available; there are no restrictions with respect to availability.

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2006	2005
Cash at banks	262	166
Bank overdrafts under Credit Facility	(195)	-
Total	**67**	**166**

Bank accounts are both EUR and USD denominated. EUR 195k out of a total of EUR 600k available under a credit facility with ABN-AMRO was utilized at balance sheet date.

The Fair Value of Cash and Cash Equivalents equals the nominal value of these items.

5) Equity

Shareholders' Equity

Share Capital

The Company's authorized share capital amounts to EUR 7.5 million, divided into 25 million cumulative preference shares and 50m ordinary shares with a nominal value of EUR 0.10 each. No preference shares are outstanding.

Share capital at par value:

	2006	2005
Common Shares	5,000	5,000
Cumulative Preference Shares	2,500	2,500
Total	**7,500**	**7,500**

The movements in the number of Common Shares outstanding can be summarized as follows:

(number of shares)	2006	2005
Balance as at October 1,	**41,070,725**	**28,320,725**
Issued	2,750,000	12,750,000
Redeemed	-	
Balance at September 30,	**43,820,725**	**41,070,725**
In EUR (x 1,000)	**4,382**	**4,107**

During 2006 1,250,000 shares were issued to Berkshire Investments BV. Additionally 1,500,000 shares were issued in a private placement to a professional investor. The proceeds of these share issues amounted to EUR 710k, averaging EUR 0.26 per share.

Movements in Issued Capital can be detailed as follows:

(EUR x 1,000)	2006	2005
Balance as at October 1,	4,107	2,832
Shares Issued	275	1,275
Balance at September 30,	**4,382**	**4,107**

Movements in the Share Premium Account can be detailed as follows:

(EUR x 1,000)	2006	2005
Balance as at October 1,	**44,468**	**40,667**
Shares Issued	435	3,932
Cost of Issue of Equity Instruments	(20)	(131)
Consideration paid for repurchased Equity Instruments	(125)	
Other Movements		
Balance at September 30,	**44,758**	**44,468**

Equity Settled Share Based Payments

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.

TIE Stock Options generally have a three-year vesting period and a subsequent exercise period of 7 years. Employees leaving the Company within the vesting period lose their options, which then become available for re-issuance under future stock option plans.

Per September 30, 2006, a total of 1,426,199 (2005: 2,005,965) options have been issued through the regular Employee Stock Option Plan at a strike price of EUR 0.33 to all employees in the Netherlands, France and the United States. This includes 176,747 stock options issued to Drs Th.H. Raman (CEO).

Movements in the number of stock options to employees and management of the Company:

	Average strike price	Total 2006	Average strike price	Total 2005
Options outstanding October 1,	**0.405**	**4,495,224**	**0.454**	**3,092,911**
Options granted during the year	0.330	1,426,199	0.374	2,005,965
Options cancelled	0.539	(970,984)	0.544	(603,642)
Adjustment	-	-	-	(10)
Options outstanding September 30,	**0.359**	**4,950,439**	**0.405**	**4,495,224**

Balance of stock option fair value at issue to be expensed:

	2006	2005
Balance as at October 1,	**280,454**	**55,779**
Fair value of stock options issued	163,638	332,004
Expense for the year	(112,972)	(107,329)
Changes in lapsing estimates	-	-
Balance at September 30,	**331,120**	**280,454**

The aforementioned balance reflects the future expense of stock options outstanding at balance sheet date based on management's current best estimate of the number of options that will actually vest. This balance is not reflected on the face of the balance sheet.

A Black & Scholes model was used to calculate the fair value of the stock option plans, using an interest rate of 3%, a calculated forfeiture of 14,17% and a calculated volatility of 37%. Volatility was determined using the square root of share price movements.

Stock options outstanding to employees and management of the Company as per September 30, 2006 can be broken down as follows:

	Issue Date	Options Granted	Cancelled	Outstanding options	Weighted average exercise price	Maturity Date
2003 Netherlands	Sep 30, 2003	497,614	(118,554)	379,060	EUR 0.31	Apr 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	472,564	(118,312)	354,252	EUR 0.47	Apr 2008
2004 CEO	Sep 30, 2004	45,743	-	45,743	EUR 0.47	Apr 2008
2004 USA	Sep 30, 2004	315,040	(46,540)	268,500	EUR 0.41	Apr 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 CEO	Sep 30, 2005	71,713	-	71,713	EUR 0.34	Oct 2015
2005 Netherlands	Sep 30, 2005	556,965	(152,696)	404,269	EUR 0.34	Oct 2015
2005 USA	Sep 30, 2005	485,254	(26,584)	458,670	EUR 0.34	Oct 2015
2005 France	Sep 30, 2005	119,000	-	119,000	EUR 0.34	Oct 2015
2006 CEO	Sep 30, 2006	176,747	-	176,747	EUR 0.33	Oct 2016
2006 Netherlands	Sep 30, 2006	541,602	-	541,602	EUR 0.33	Oct 2016
2006 USA	Sep 30, 2006	574,650	-	574,650	EUR 0.33	Oct 2016
2006 France	Sep 30, 2006	133,200	-	133,200	EUR 0.33	Oct 2016
Total	**Sep 30, 2006**	**5,613,125**	**662,686**	**4,950,439**		

A total number of 1,426,199 options have been allotted to the personnel and the Management Board. None of the options issued have been exercised. A total number of 4,950,439 options is outstanding at balance sheet date, therefore the available options for re-issuance as a result of cancelled options from employees who left the Company totals 49,561 options.

The shareholdings as well as the stock options held by the Management Board are as follows:

	Shares	Stock Options
Opening balance October 1, 2005	**5,938,339**	**1,071,170**
Granted or acquired	-	176,747
Cancelled or sold	(999,375)	(55,000)
Adjustment		(10)
Closing balance September 30, 2006	**4,938,964**	**1,192,907**

The cancelled options refer to Stock Options issued to the Supervisory Board in 2002 that have lapsed in 2006. At September 30, 2006 Supervisory Board Members do not hold any Shares or Stock Options in the Company.

The Stock Options granted to the Management Board outstanding as at September 30, 2006 have the following terms:

Year	Exercise price	End Date	Total
Sep 2003 [1)]	0.31	Apr 2007	48,704
Feb 2004	0.32	Apr 2007	350,000
Sep 2004	0.47	Apr 2008	45,743
Feb 2005	0.41	Apr 2015	500,000
Sep 2005	0.34	Oct 2015	71,713
Sep 2006	0.33	Oct 2016	176,747
Total			**1,192,907**

[1)] Included in Netherlands 2003 in overview above.

On September 30, 2006 CSD Investments BV holds 6,585,285 shares in TIE Holding NV (2005: 7,917,785). Drs. Th.H. Raman holds 75% of the issued share capital of CSD Investments BV and therefore indirectly a shareholding in TIE Holding N.V. This indirect shareholding is included in the table above. The other shareholders of CSD Investments BV are R.P. Stolwijk, R.F. Raman, and L. Wouters.

Other Stock Options

Options outstanding with non employees as per September 30, 2006:

	Date	Options Granted	Weighted average 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**		

The Company repurchased the options to Berkshire Investments in January 2006. Subsequently 1,250,000 new shares were issued and paid up at nominal value (EUR 125,000).

Movements in non-employee stock options are as follows:

	Average strike price	Total 2006	Average strike price	Total 2005
Options outstanding October 1,	**0.418**	**1,100,000**	**0.508**	**7,600,000**
Options granted during the year		-		-
Options repurchased		-	0.523	(6,000,000)
Options cancelled		-	0.800	(500,000)
Options outstanding September 30,	**0.418**	**1,100,000**	**0.418**	**1,100,000**

The outstanding non-employee options were all issued in relation to credit facilities offered to the Company by the various lenders. It is the Company's policy and intention to issue new shares upon exercise of these options.

Non employee stock options outstanding do not have vesting periods, nor a requirement to be expensed. Considerations received for these Gross Equity Settled Instruments at issue were credited to equity at issue.

Convertible Bonds

Convertible bonds issued by the Company have been classified as Equity based on the fact that under the terms and conditions of these bonds there is evidence of a residual interest in the Company's assets after deducting all of the Company's liabilities. Conversion of the Bonds in all cases is at both the discretion of the Company and the Bondholder, timing may vary.

Distributions to holders of equity instruments are recognized directly in Equity net of Tax. Distribution during 2006 amounted to EUR nil (2005 EUR 32k)

Movements in the balance of outstanding convertible bonds are as follows:

	2006	2005
Balance as at October 1,	**-**	**3,581,000**
Issued	2,140,000	-
Converted into common shares	-	(3,581,000)
Redeemed	-	-
Balance at September 30,	**2,140,000**	**-**

The Balance outstanding as per September 30, 2006 consists of the following bonds:

Convertible Bond	Issue Date	Maturity date	Conversion rate	Interest rate	2006	2005
Alto Imaging Group N.V. 3)	July 31, 2006	July 31, 2007	3) 0.353	5%	400,000	-
Stayer Holding B.V.1)	August 24, 2006	July 1, 2010	0.35	-	870,000	-
Stayer Holding B.V.2)	August 24, 2006	July 1, 2016	0.35	-	870,000	-
Total					**2,140,000**	**-**

1) The conversion period equals start date for the issuer; the bondholder can convert from February 1, 2007 onwards.

2) The conversion period equals start date for the issuer; the bondholder can convert from July 1, 2009 onwards.

3) Variable conversion rate. If at conversion date the market price of the stock is below the listed rate then the conversion rate will be reset to the average market price of the 30 days prior to conversion date.

On the EUR 400,000 convertible bond interest is payable upon maturity. Under the terms of the bond interest payable at conversion date or maturity date can be converted into ordinary shares TIE Holding N.V.

No collateral has been pledged against these bonds. The fair value of these bonds amounts to EUR 1.6m.

Minority interest

The subsidiary TIE France SAS in which the Company holds 50.25% of the issued share capital has been included in the consolidated financial statements at 100%. The minority interest represents the interest of the minority shareholder in the net asset value of the TIE France SAS. At acquisition date the minority share was set at nil as the Company has a negative net asset value.

The minority's share in the losses of TIE France SAS since acquisition has been charged to the Company, which is the majority shareholder. The 2006 profit as well as future profits will be allocated to the majority shareholder until all of the minority's share of the losses previously absorbed by the majority shareholder are recovered.

	2006	2005
Balance as at October 1,	**-**	**-**
Minority Share in Net asset value TIE France SAS at acquisition date	-	(61)
Minority Share in subsequent profits (losses) of TIE France SAS	64	(4)
Charged (allocated) to Majority Shareholder	(64)	65
Balance as at September 30,	**-**	**-**
Balance remaining to be recovered	**-**	**65**

6) Provisions

	2006	2005
Balance as at October 1,	**906**	**1,327**
Additions / strengthening	-	83
Changes in estimate	(334)	(300)
Other movements	(236)	(204)
Balance as at September 30,	**336**	**906**
Net effect on income	-334	-217

The Company set up a provision for rentals against income at the end of 2003 covering future losses from the remaining term of the office rental based on the surface area no longer in use by the Company in both The

Netherlands and The United States. Subsequently tenants were found for the available office space and the future rental income has been reflected in the balance of the provision.

During 2005 sub-rental agreements were closed in St Paul location in the USA. In The Netherlands the parts of the building not in use by the Company have been sub-let. The tenants are reportedly satisfied with the services provided and have volunteered no plans to terminate contracts or move. On these ground management has revised the estimated losses from the current lease and has reflected this revision in the provision balance by releasing the excess into income (EUR 319k). Provisions are set at discounted values using a discount rate of 5.5% (2005: 4.75%)

The short term component of these provisions is included under current liabilities.

In TIE France a provision for risks has been set up in 2005 which respect to a possible indemnity claim from an employee who has been made redundant in the year 2001. This claim is expected to be settled within 12 months from balance sheet date. Hence the balance is moved to the current liabilities in 2006.

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 expected license revenues for a period of three years. This provision has been reclassified from non current to current in 2006 as management expects per balance sheet date to settle this earn out arrangement within 12 months after balance sheet date.

Movements for 2006 for these individual components are as follows:

	Rentals	Indemnity Claim	Earn out	Total
Balance as per October 1,	**823**	**25**	**58**	**906**
Changes in estimate	(334)	-	-	(334)
Other movements	(153)	(25)	(58)	(236)
Balance as per September 30,	**336**	**0**	**0**	**336**

7) Current Liabilities

Provisions

	2006	2005
Balance as at October 1,	**260**	**403**
Additions / strengthening	81	-
Exchange difference	-	-
Release to income for the year	(239)	(347)
Changes in estimate	-	-
Other movements	236	204
Balance as at September 30,	**338**	**260**
Net effect on income	-158	-347

The Company set up a provision for rentals against income at the end of 2003 covering future losses from the remaining term of the office rental based on the surface area no longer in use by the Company in both The Netherlands and The United States. The short term component of these provisions is recognized under current liabilities.

In TIE France a provision for risks has been taken over which respect to a possible indemnity claim from an employee who has been made redundant in the year 2001. This claim is expected to be settled within 12 months from balance sheet date. Hence the balance is moved from non-current to the current liabilities.

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 expected license revenues for a period of three years. This provision has been reclassified from non current to current in 2006 as management expects per balance sheet date to settle this earn out arrangement within 12 months after balance sheet date.

Following a number of Sales Tax related audits by tax authorities of individual States in the United States a Sales Tax provision has been set up to cover potential losses pertaining to individual items invoiced to clients categorized as non taxable that under specific circumstances in specific States may have been taxable as well as potentially incorrect Sales Tax rates that (may) have been applied. The Company is determining the full extent of this complex issue and will also investigate to what extent these Sales Tax related amounts can be recovered from clients.

Movements for 2006 for these individual components are as follows:

	Rentals	Indem-nity Claim	Earn out	Sales tax	Total
Balance as per October 1,	**260**	**-**	**-**	**-**	**260**
Additions / strengthening	-	-	-	81	81
Exchange difference	-	-	-	-	0
Release to income for the year	(239)	-	-	-	-239
Changes in estimate	-	-	-	-	0
Other movements	153	25	58	-	236
Balance as per September 30,	**174**	**25**	**58**	**81**	**338**

Credit Facility

	2006	2005
ABN-AMRO Credit Facility (5.5% interest)	195	-
Total	**195**	**-**

Bank accounts are both EUR and USD denominated. EUR 195k out of a total of EUR 600k available under a credit facility with ABN-AMRO was utilized at balance sheet date.

Deferred Revenue

Deferred revenue represents the unearned portion of revenues earned over a specific period. This consists of revenues resulting from Maintenance and Support, Consulting fees and SaaS revenues. Deferred revenues are amortized to income over the period in which the service is provided. Related sales commissions are deferred and amortized on the same basis.

	2006	2005
Balance as at October 1,	**1,596**	**1,578**
Deferred revenues	3,632	3,413
Amortization	(3,401)	(3,395)
Other movements	-	-
Balance as at September 30,	**1,827**	**1,596**

Taxation and Social Security

The taxation and social security balance can be broken down as follows:

	2006	2005
Accrued Capital Tax	21	17
Payroll tax	54	39
Social security contributions	49	27
VAT/Sales tax US	55	82
Total	**179**	**165**

The sales tax balance included pertains to current sales tax payable over recent revenues generated within the US.

Other Payables and Accruals

Other Payables and Accruals consist of:

	2006	2005
Accrued expenses	605	261
Pension premiums	153	94
Interest payable	7	7
Supervisory Board Compensation	40	30
Accrued expenses Board of Directors	60	-
Other accruals and payables	236	353
Total	**1,101**	**745**

Accrued expenses include an accrual for audit fees.

Notes to the Consolidated Income Statement

(Accounts on page 36)

8) Operating Expenses

Employee Benefits

Employee benefits can be broken down as follows:

	2006	2005
Salaries	3,561	3,024
Salaries variable component	142	232
Social security charges	638	604
Contributions to Defined Contribution Arrangements	144	178
Share based payments	113	107
Termination Benefits	115	-
Other Employee Benefits	531	313
Total	**5,244**	**4,458**

For 2006 the average number of employees was 81 (2005: 79).

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 351k (2005: EUR 255k) and EUR 40k (2005: 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 not granted in 2005.

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

Drs Th. H. Raman (CEO)	2006	2005
Remuneration	245	231
Variable Component	61	-
Stock Option expense	45	24
Total	**351**	**255**

Total remuneration includes all cost of employment to the Company. For achieving the targets set for 2006 in a bonus was awarded to Drs Th. H. Raman amounting to EUR 61k.

The General Meeting of Shareholders sets 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.

Sales Commissions

Sales staff operates under a commission arrangement. Under this arrangement sales commissions are paid out based on fixed amounts per type of contract or set percentages of income generated. Sales Commissions are accounted for in a manner consistent with the revenues from which sales commissions are derived.

	2006	2005
Commissions payable	153	197
Deferred to balance sheet	(66)	-
Amortization to income	15	-
Other movements	-	-
Total	**102**	**197**

Depreciation and Amortization Expense and Impairment Losses

	2006	2005
Depreciation and amortization	662	428
Total	**662**	**428**

Depreciation and Amortization charges have increased in 2006 due to additional Capitalized Expenses in 2005 and 2006 for R&D projects that have gone live and are now being amortized to income.

Other Operating Expenses

	2006	2005
Accommodation expenses	626	464
Communications	306	302
Professional services	760	208
Other	627	927
Total	**2,319**	**1,901**

Accommodation expenses have increased compared to prior year due to a release of the provision for rentals in 2005 in excess of the release in 2006. Professional services includes significant additional expenses in connection with the IFRS conversion and legal expenses in connection with the reorganization in The Netherlands in the second quarter of 2006.

9) Financial income and/or Expense

	2006	2005
Interest Income	8	7
Dividend Income	-	25
Interest expenses	(18)	(29)
Exchange gains/(losses)	(5)	8
Total	**(15)**	**11**

The interest expense in 2006 pertains to the Credit Facility that became available in 2005 and which was used to fund cash flow needs on a short term basis.

10) Share in Profit (Loss) of Associates

At the date of the consecutive share purchase (20.25%) of TIE France Gordian Investments B.V. the Company owned 30% of the shares in TIE France. As of the consecutive share purchase TIE France is consolidated in full. Up to consolidation date (April 13, 2005) the Company recorded a loss for 2005 year to date (EUR 99k).

	2006	2005
TIE France SAS	-	99
Retail Connect BV	-	-
Total	**-**	**99**

11) Corporate Income Tax

The Company operates predominantly in the Netherlands and North America. Applicable tax rates are 29,6% (2005: 30%) for the Netherlands and 40% (2005: 40%) for the US. These rates represent a weighted average rate as income tax returns are filed on a calendar year basis whereas these financial statements have been drawn up reflecting the Company's financial year, which runs from October 1 until September 30.

Reconciliation between standard and effective income tax is as follows:

	2006	2005
Income before Tax	(772)	437
Income tax calculated using applicable statutory rates	(126)	246
Tax effect temporary differences	537	(101)
Balance of (additions to) and utilization of Loss Carry Forwards	(411)	(145)
Tax balance based on applicable statutory tax rates after taking into consideration loss carry forward and the effects of temporary differences	-	-
Changes in Deferred tax asset due to initial recognition or revision of estimate of previously unrecognized tax losses	1,835	131
Other tax items	(21)	-
Income Tax	**1,814**	**131**

The Company holds unrecognized deferred tax assets with respect to past tax losses amounting to approximately EUR 9m (related losses amounting to approximately EUR 30m). Foreign loss carry forward pertaining to approximately EUR 1 of the unrecognized asset can be carried forward for at least 15 years. The tax loss carry forward originating from the Netherlands currently has no expiration date but this has changed in 2007 limiting loss carry forward to 9 years.

12) Earnings per Share

Basic Earnings per Share

Basic earnings per share are calculated by dividing net income attributable to equity holders of TIE after deduction of accrued interest on Convertible Bonds, by the weighted average number of shares outstanding.

	2006	2005
Net income attributable to equity holders of TIE	1,041	567
Distributions on Convertible Bonds through income	-	-
Net income adjusted for calculation of basic earnings per share	**1,041**	**567**
Weighted average number of shares outstanding	42,553	33,075
Basic earnings per share (EUR per share)	**0.02**	**0.02**

Diluted Earnings per Share

Diluted earnings per share take into effect the dilutive effect of convertible instrument and stock options upon exercise or conversion. The dilutive effect of these instruments amounts to the number of shares issuable under the terms and conditions of these arrangements for no consideration. The fair value of future service for (partially) unvested stock options has been taken into consideration by adjusting the exercise price for these options.

Stock options are considered non-dilutive when the exercise price of the options in excess of the average market price of the shares during the period. Convertible bonds are considered non-dilutive when the related interest net of tax and other changes to income and expense per ordinary share obtainable upon conversion exceeds the basic earnings per share.

	2006	2005
Net income adjusted for calculation of basic earnings per share	**1,041**	**567**
Weighted average number of shares outstanding	42,553	33,075
Dilutive effect of stock options outstanding at September 30,	283	370
Dilutive effect of Convertible Bonds	695	
Weighted average number of shares adjusted for calculation of diluted earnings per share	**43,531**	**33,445**
Diluted earnings per share (EUR per share)	**0.02**	**0.02**

A total of 3,921,389 stock options have been excluded from the calculation of the diluted earnings per share as the exercise price of these options exceeded the TIE Holding NV average share price over the period. The convertible bonds outstanding at year-end are considered dilutive and have been included from date of issue.

Commitments and Contingent Liabilities

Sales Tax

Following Sales Tax audits by two States in the United States a number of issues with applying correct tax codes and identifying taxable items have been identified. The Company is now in the process of investigating the nature and magnitude of this issue, which due to the way Sales Tax is set and collected in the United States is highly complex. The Company intends to investigate to what extent potential additional Sales Tax amounts payable can be recovered from clients.

A provision (USD 103k), which management deems to be prudent, has been set up for errors identified as a result of the audits.

Leases (including rental agreements)

Company cars were contracted under an operating lease agreement (4 year term) in The Netherlands only. The monthly lease charge at September 30, 2006 amounted to EUR 17k.

Under the rental agreements concluded, the annual rental charge, including service costs for all TIE offices, is approximately EUR 1.0 (2005: EUR 1.3m). The remaining term of the lease in The Netherlands is approximately 3.5 years, in the United States 4.5 years and in France 2.75 years. Rentals due within 1 year amount to EUR 1.0m, rentals due between 1 and 5 years approximates EUR 3.0m.

In summary, detailing amounts payable within one year and between 1 and five years under this contracts this means:

	< 1 year	between 1 and 5 years
Operational leases servers	110	119
Office leases	968	2,760
Operational leases company cars	177	295
Total	**1,255**	**3,174**

Collateral

Assets pledged as collateral are Trade Receivables amounting to EUR 223k (2004: EUR 250k).

Related Party Transactions

As at September 30, 2006, Drs. Th. H. Raman, Founder and Chief Executive Officer of the Company, through his personal holding company Conceptive Systems Design Nederland BV, owned 75% of CSD Investments BV, which in turn is a large (app. 11%) 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 Conceptive Systems Design Nederland B.V., and has recognized revenue and reimbursement of expenses from, and incurred costs for goods and services provided by, such related parties.

Retail Connect (18% shareholding as per September 30, 2006) serves as a conduit for services provided in the fashion industry. TIE products are being offered through Retail Connect under this arrangement.

Transition to IFRS

Introduction

These are the Company's first consolidated financial statements prepared in accordance with IFRS. The accounting policies set out above have been applied in preparing the financial statements for the year ended on September 30th, 2006, the comparative information presented in these financial statements and in preparation of the opening balance sheet under IFRS as at October 1st, 2004, the Company's date of transition to IFRS.

In preparing the opening balance sheet under IFRS the consolidated balance sheet previously presented under Dutch GAAP has been restated to IFRS. A detailed explanation of how the transition to IFRS has affected previously reported balances as well as TIE's financial position, financial performance and cash flows in included below.

First time adoption

Share Based Payments

Options granted to employees have zero intrinsic value at the grant date as the strike price equals or exceeds the stock price at the grant date of the stock options. All employee stock option arrangements have been classified equity settled instruments. Upon settlement these options will be gross settled by issuing new shares in exchange for the strike price of the exercised option.

All employee options granted prior to January 1, 2005, with the exception of the 2003 plan issued in the United States, have vested prior to that date. The Company does not apply IFRS2 retrospectively to these option arrangements.

Employee Benefits

All identified Post Employment Benefit Plans have been classified as or treated as Defined Contribution Plans. A minor plan component (Surviving Beneficiary Component) may be considered a Defined Benefit Component but is of negligible proportion under the current circumstances.

Financial Instruments

The Convertible Bonds outstanding at transition date have been assessed under IAS32. One Convertible Bond has been reclassified as financial liability as per FTA date in combination with an equity component and has been accounted for accordingly (split accounting). Distributions made under the terms and conditions of these instruments classified equity instruments have been accounted for in Equity as distributions to Equity Instrument Holders.

Since the transition date all bonds outstanding at the date of transition to IFRS have been converted into common shares. New bonds issued in 2006 in connection with the acquisition of Digital Channel have all been classified Equity Instruments under IAS32.

Goodwill

Under Dutch GAAP the goodwill was amortized over an estimated useful life of 5 years. Under IFRS goodwill is not amortized but accounted for at cost (carrying value at the date of transition to IFRS) and subjected to periodic impairment tests. Impairments are accounted for in income in accordance with IAS36.

Discussion of Differences between IFRS and Dutch GAAP

Share Based Payments

Under Dutch GAAP stock options were granted to employees with a strike price equaling or exceeding the market value of the shares at the grant date of the stock options, which initiated no charge to earnings for employee stock option awarded. Under IFRS2 the fair value of the stock options awarded is to be expensed. This fair value also considers the time value of the stock option.

The employee option arrangements have changed from arrangements issued prior to October 1, 2004. A vesting period of 3 years is applicable for new options granted; the reissued 2001 options (April 2005) vested immediately and were consequently expensed in full in the quarter of issue.

The calculation of the fair value for options granted with a vesting period is based on a modified Black & Scholes model and costs are spread evenly over the vesting period, taking into consideration the development of the expected number of options to be exercised.

Foreign Currency exchange

Unrealized exchange variances on the inter-company account balances in foreign currencies and translation adjustments on equity in foreign currencies are reported separately under equity called 'Foreign currency translation reserve', in line with IAS21.

Financial Fixed Assets

Minority participations were stated at costs under Dutch GAAP. IAS 28.13-14 requires net asset value. Since the estimated net asset value of these participations is negative the value has been written off to zero per October 1, 2004 against equity (EUR 4k). The shareholding in TIE France was increased from a 30% shareholding to a 50.25% participation on April 13, 2005 and has therefore been included in the consolidation from that date onwards and carried at net asset value.

Capitalization and Amortization of R&D

The expense capitalization of R&D was revisited. Under IFRS (IAS38) some of the expenses included in the capitalization were found to be ineligible for capitalization under IAS38. The capitalization rates have been amended accordingly.

With respect to amortization policy was brought in agreement with IAS38. This meant starting amortization at the start of the useful life of the asset as opposed to amortizing from first capitalization date onwards. The amortization charges have been amended accordingly.

Stock Option Expenses

The stock option expenses are based on an allocation to income based on the vesting period of the stock options.

Convertible Bond Interest Charges

But for a single convertible bond all convertible bonds outstanding as per FTA date have been classified as Equity Instruments. Distributions to holders of Equity Instruments are under IFRS to be treated as distributions of equity. Interest charges accounted for in income pertaining to bonds qualifying as equity instruments have been adjusted in income.

Adoption of International Financial Reporting Standards

The Company has resolved to adopt all applicable IFRS standards effective at balance sheet date.

Other standards, amendments and interpretations to existing standards, that have been published but are effective for book years starting on or after January 1 2006 are not yet adopted and in most cases not applicable for the Company in the preceding accounting periods.

All new standards, amendments and interpretations that become effective for financial year 2007 will be adopted for the 2007 financial statements.

Reconciliation of Balance Sheet from Dutch GAAP to IFRS

Reconciliation of IFRS Opening Balance Sheet as at October 1st, 2004

(x EUR 1,000)	FTA balance sheet under IFRS	Effect of transition to IFRS	FTA balance sheet under Dutch GAAP
Assets			
Non Current Assets			
Intangible Fixed Assets			
Goodwill	626	-	626
Other intangible fixed assets	646	200	446
	1,272	200	1,072
Tangible fixed assets			
Property, Plant and Equipment	330	(200)	530
Financial fixed assets			
Deferred Tax Asset	670	-	670
Loans and Receivables	-	-	-
Associates	4	-	4
Other	-	-	-
	674	-	674
Total Non Current Assets	**2,276**	**-**	**2,276**
Current Assets			
Trade Debtors and Other Receivables			
Trade Debtors	855	-	855
Social Security Prepaid	26	-	26
Other Receivables and Prepayments	187	-	187
	1,068	0	1,068
Cash and Cash Equivalents	654	-	654
Total Current Assets	**1,722**	**-**	**1,722**
		-	-
Total Assets	**3,998**	**-**	**3,998**
Equity and Liabilities			
Equity			
Shareholders' Equity	(4,804)	(53)	(4,751)
Convertible Bonds	3,223	(358)	3,581
Capital and Reserves attributable to equity holders of TIE	(1,581)	(411)	(1,170)
Minority Interest	-	-	-
Total Equity	**(1,581)**	**(411)**	**(1,170)**
Non Current Liabilities			
Convertible Bonds	392	392	-
Provisions	1,730	-	1,730
Total Non Current Liabilities	**2,122**	**392**	**1,730**
Current Liabilities			
Convertible Bonds	54	31	23
Bank Overdraft	1	-	1
Trade Creditors	377	-	377
Deferred Revenue	1,578	-	1,578
Affiliated Companies	168	-	168
Taxation and Social Security	422	-	422
Other Payables and Accruals	857	(12)	869
Total Current Liabilities	**3,457**	**19**	**3,438**
Total Equity and Liabilities	**3,998**	**-**	**3,998**

As referred to above, a single convertible bond outstanding as per FTA date (notional EUR 290k) was reclassified under IAS32 to Non Current Liabilities. The remaining balance under this item pertains to the Net Present Value of Future Interest Payments on two convertible bonds qualifying as equity instruments under IAS32.

Reconciliation of Balance Sheet as at September 30th, 2005

(EUR x 1,000)	Balance sheet under IFRS	Effect of transition to IFRS	Balance sheet Under Dutch GAAP
Assets			
Non Current Assets			
Intangible fixed assets			
Goodwill	940	658	282
Other intangible fixed assets	1,057	256	801
Tangible fixed assets			
Property, Plant and Equipment	283	(291)	574
Financial fixed assets			
Deferred Tax Asset	820	-	820
Loans and Receivables	331	163	168
Associates	2	-	2
Other			
Total Non Current Assets	**3,433**	**786**	**2,647**
Current Assets			
Trade Debtors and Other Receivables			
Trade Debtors	1,554	-	1,554
Social Security Prepaid			
Other Receivables and Prepayments	291	(171)	462
Cash and Cash Equivalents	166	4	162
Total Current Assets	**2,011**	**(167)**	**2,178**
Total Assets	**5,444**	**619**	**4,825**
Equity and Liabilities			
Equity			
Shareholders' Equity	993	612	381
Convertible Bonds	-		
Capital and Reserves attributable to equity holders of TIE	993	612	381
Minority Interest	-	-	-
Total Equity	**993**	**612**	**381**
Non Current Liabilities			
Provisions	906	(260)	1,166
Total Non Current Liabilities	**906**	**(260)**	**1,166**
Current Liabilities			
Provisions	260	260	-
Trade Creditors	757	1	756
Deferred Revenue	1,596	-	1,596
Affiliated Companies	22	-	22
Taxation and Social Security	165	(95)	260
Other Payables and Accruals	745	101	644
Total Current Liabilities	**3,545**	**267**	**3,278**
Total Equity and Liabilities	**5,444**	**619**	**4,825**

The Goodwill related IFRS effect consists of the reinstatement of Goodwill amortized to income under Dutch GAAP. Other Intangible Assets contains a reclassification of Software from Tangible to Intangible Assets, the effect of adjustments in R&D capitalization and the timing of the amortization thereof.

In summary the following movements have effected Equity:

	FTA	2005
Dutch GAAP Equity at FTA date	**(1,170)**	
Extraction of Convertible Bond to Liabilities	(358)	
Creation of a distribution to Bond Holders Payable	(53)	
IFRS Equity at FTA date	**(1,581)**	
Dutch GAAP Equity at September 30,		**381**
P&L effect IFRS adjustments		505
Stock option expense credited to Equity		107
IFRS Equity at September 30,		**993**

Reconciliation of Income Statement from Dutch GAAP to IFRS

	2005 Under IFRS	Effects of transition to IFRS	2005 under Dutch GAAP
Revenues			
Licenses	2,111	(5)	2,116
Maintenance and Support	3,122	(11)	3,133
Consultancy	1,918	-	1,918
Software as a Service	660	1	659
Other Income	89	89	
Total Revenue	**7,900**	**74**	**7,826**
Book profit sold fixed assets / subsidiary	227	-	227
Operating Expenses			
Revenue Related Expenses	816	2	814
Employee Benefits	4,458	569	3,889
Depreciation and Amortization Expense and Impairment Losses	428	(682)	1,110
Other Operating Expenses	1,901	(288)	2,189
Total Operating Expenses	**7,603**	**(399)**	**8,002**
Operating Income	**524**	**473**	**51**
Interest and other Financial Income	40	15	25
Interest and other Financial Expense	(29)	19	(48)
Share in Profit (Loss) of Associates	(99)		(99)
Income before Tax	**436**	**507**	**(71)**
Corporate Income Tax	131	(2)	133
Net Income	**567**	**505**	**62**

Other Income related IFRS effect pertains to the reclassification of Government Grants. Employee benefits reflect both the Stock Option Plan related expenses and the R&D capitalization and amortization changes.

The change in Other Operating Expenses pertains to a change in presentation (reclassification) with respect to company cars which have now been included under Employee benefits. Employee benefits have increased due to this reclassification as well as the effect of the stock options EUR 107k and the R&D capitalization adjustment amounting to approximately EUR 100k.

Revenues have been adjusted reflecting the effects of a refined currency translation. More accurately reflecting weighted average exchange rates over the period.

Explanation of Material Adjustments to the Cash Flow Statement for the year ending September 30, 2005 from Dutch GAAP to IFRS

Under both IFRS and Dutch GAAP the Consolidated Cash Flow Statements have been prepared using the indirect method. As the requirements for Cash Flow Statements are principally the same under both Dutch GAAP as IFRS there are no material adjustments to be reported in cash flows under IFRS compared to Dutch GAAP.

Subsequent Events (unaudited)

On January 17, 2007 the shareholding in the associate Retail Connect BV was increased from 18% to 33.3%. The Company received these additional shares for a payment of EUR 1 per share.

In January 2007 for the first time in the history of the Company, employees exercised their stock options. As a result of the execution of the 2003 TIE Employee Stock Option Plan, the Company issued 257,119 new ordinary shares. The 2003 TIE Employee Stock Option Plan will expire in April 2007. Potentially this will result in the issue of in total 679,060 new shares.

On November 28, 2006 an agreement was reached with one of the former shareholders of Nspyre releasing the Company from its commitment to pay the part of the Earn-out provision set up at acquisition pertaining to this individual (50% of EUR 56k).

Dutch GAAP TIE Holding NV Balance Sheet as at September 30, 2006

(Before proposed appropriation of results)

Assets

(EUR x 1,000)	Notes	2006		2005	
Fixed assets	13)				
Goodwill		198		198	
Other intangible fixed assets		201		270	
Total Intangible Fixed Assets			399		468
Tangible fixed assets			1		2
Financial fixed assets			5,871		2,002
Total fixed assets			**6,271**		**2,472**
Current assets	14)				
Debtors		22		44	
Cash and cash equivalents		-		3	
Total current assets			**22**		**47**
Total assets			**6,293**		**2,519**

Liabilities and Equity

	Notes		2006		2005
Shareholders' equity	15)				
Issued and paid-up share capital		4,382		4,107	
Share premium		43,980		43,671	
Legal reserves		778		797	
Foreign Currency Translation Reserve		(31)		32	
Retained earnings		(47,501)		(48,181)	
Net Result		1,041		567	
			2,649		993
Convertible Bonds			2,140		-
Total Equity			**4,789**		**993**
Provisions					126
Current Liabilities	16)				
Creditors		1,487		1,365	
Affiliated Companies		17		35	
Total Current Liabilities			**1,504**		**1,400**
Total Liabilities and Equity			**6,293**		**2,519**

Dutch GAAP TIE Holding NV Income Statement for the year ended September 30, 2006

	2006	2005
Result of participating interests after tax	2,097	1,138
Other income after tax	(1,056)	(571)
Net Result	**1,041**	**567**

Notes to the Company Financial Statements

Corporate Information

TIE Holding N.V. and its subsidiaries (together the Company) develops, sells and distributes software and services in the B2B Integration sector all over the world through a network of subsidiaries and resellers, the Company has been active not only in the software development but in the standardization process as well.

TIE Holding N.V. is a public company incorporated and domiciled in the Netherlands, organized under Dutch Law and recorded in the Commercial Register of Haarlem under its registered address at Beech Avenue 180, 1119 PS AMSTERDAM (Schiphol-Rijk). TIE is listed on the EuroNext Stock Exchange of Amsterdam. The TIE subsidiaries are located in France, the Netherlands and the U.S.A. (IAS 126a). A list of TIE Companies is included on page 39 of the Consolidated Financial Statements.

The Company financial statements for the year ended September 30, 2006 are authorized for issue through a resolution of the Management Board dated January 29, 2007.

In accordance with this resolution, the Annual General Meeting of Shareholders is requested to approve the Company financial statements.

Basis of Preparation

These financial Statements have been prepared in accordance with accounting principles generally accepted in the Netherlands as embodied in Part 9 of Book 2 of the Netherlands Civil Code.

Based on article 2:362.8 of the Netherlands Civil Code, the valuation principles applied are based on International Financial Reporting Standards (IFRS), as applied in the preparation of the consolidated financial statements of the Company. Companies are allowed to apply IFRS valuation principles in their financial statements prepared under Part 9 of Book 2 of the Netherlands Civil Code. Transition to IFRS has had a negative effect on Shareholder's Equity of EUR 53k at October 1, 2004, the Company's First Time Adoption date and a positive effect on Net Income for financial year 2005 of EUR 505k. These effects are discussed in detail in the notes to the Consolidated Financial Statements on page 52. For comparative purposes, the balance sheet and income statement for 2005 have been adjusted accordingly.

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

Subsidiaries and associates are accounted for at net asset value determined on the basis of IFRS as applied in the Consolidated Financial Statements. For details on the accounting policies applied in the Consolidated Financial Statements please refer to the Notes to the Consolidated Financial Statements, starting page 39.

Notes to the Company Balance Sheet

13) Fixed Assets

Intangible Fixed Assets

Goodwill

	2006	2005
Accumulated investments as per October 1,	6,390	6,390
Accumulated depreciation, amortization and impairment expense as per October 1,	6,192	6,192
Carrying value as per October 1,	**198**	**198**
Investments	-	-
Depreciation and amortization	-	-
Impairments	-	-
Carrying value as per September 30,	**198**	**198**
Accumulated investments as per October 1,	6,390	6,390
Accumulated depreciation, amortization and impairment expense as per October 1,	6,192	6,192
Net book value as per September 30,	**198**	**198**
Useful life	Indefinite	Indefinite

Other intangible fixed assets consists of purchased third party software for the major part used for the My TIE internal support system. Movements are summarized below:

Other intangible fixed Assets

	2006	2005
Accumulated investments as per October 1,	353	182
Accumulated depreciation, amortization and impairment expense as per October 1,	83	2
Carrying value as per October 1,	**270**	**180**
Investments	58	171
Depreciation and amortization	(127)	(81)
Impairments	-	-
Carrying value as per September 30,	**201**	**270**
Accumulated investments as per October 1,	412	353
Accumulated depreciation, amortization and impairment expense as per October 1,	211	83
Carrying value as per September 30,	**201**	**270**
Useful life	3 year	3 year

For the purpose of impairment tests holding assets are allocated to Cash Generating Units.

Tangible Fixed Assets

	2006	2005
Accumulated investments as per October 1,	41	59
Accumulated depreciation, amortization and impairment expense as per October 1,	39	56
Carrying value as per October 1,	**2**	**3**
Investments (disinvestments)	-	1
Depreciation and amortization	(1)	(2)
Impairments	-	-
Carrying value as per September 30,	**1**	**2**
Accumulated investments as per October 1,	41	41
Accumulated depreciation, amortization and impairment expense as per October 1,	40	39
Carrying value as per September 30,	**1**	**2**
Useful life	3 year	3 year

Tangible fixed assets pertain to a single computer, which will depreciate to nil in 2007.

Financial Fixed Assets

Financial fixed assets relate to the Company's share in subsidiaries. The movements are summarized below:

	2006	2005
Opening Balance as per October 1,	**1,900**	**845**
Share in Net income	2,097	1,138
Capital Contributions and Acquisitions	2,069	1,292
Divestitures	(2)	-
Dividends paid	-	-
Transfer to (from) provision for Equity Deficit	(126)	(1,399)
Foreign Currency Exchange Rate Differences	(63)	32
Other movements	(4)	(8)
Closing Balance as per September 30,	**5,871**	**1,900**

Capital Contributions and Acquisitions include the funding provided for the acquisition of Digital Channel by TIE Nederland B.V.. Funding to subsidiaries is in principle interest bearing with interest rates varying between 0% and 5.5% (2005: 0% and 6%). This funding is accounted for as part of the net investment in subsidiaries. There are no repayment schedules nor does management have the intention to recall these funds.

In 2005 and previous years some subsidiaries had a negative net investment value. For these subsidiaries a provision for Equity Deficit was set up. At year end 2006 the provision for Equity Deficit was zero.

Direct subsidiaries of the Company are:

Name	Statutory seat	Percentage 2006	2005
TIE Nederland BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE Product Development BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE International BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE Commerce Inc.	Burlington, MA, USA	100%	100%
Gordian Investments BV	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%

Loans and receivables are accounted for under this heading.

	2006	2005
Loan to mr R Lücke	-	102
Total	**-**	**102**

This loan, bearing 4% interest, was secured by mr Lücke's residence in the Netherlands. The loan was repaid in full.

14) Current Assets

Debtors

	2006	2005
Employees	-	15
Other receivables and prepayments	22	29
Total	**22**	**44**

15) Shareholders' Equity

The Company's authorized share capital amounts to EUR 7.5m, consisting of 25 million cumulative preference shares and 50 million ordinary shares with a nominal value of EUR 0.10 each. On September 30, 2006 a total of 43,820,725 ordinary shares (2005: 41,070,725) of EUR 0.10 each, are paid-up and called-up, amounting to an issued and paid-up share capital of EUR 4,382,072 (2005: EUR 4,107,073).

No preference shares are outstanding. In order to protect TIE from a hostile takeover, the Stichting Preferente Aandelen has the right to acquire preference Shares in TIE. The objective of the Stichting Preferente Aandelen TIE is to protect the interests of TIE Holding NV, its subsidiaries and all related parties.

Shareholders' Equity is broken down as follows:

	Share Capital	Paid in Surplus	Legal reserves	Foreign Currency Translation Reserve	Retained Earnings	Sharehol-ders' Equity
Opening balance under IFRS October 1, 2004	**2,832**	**40,220**	**446**	**-**	**(48,303)**	**(4,805)**
Shares Issued and Share premium	1,275	3,932	-	-	-	5,207
Cost of Shares Issued	-	(130)	-	-	-	(130)
Foreign currency translation reserve	-	-	-	32	-	32
Share based payments	-	-	-	-	107	107
Distribution to Equity Instrument holders	-	-	-	-	(35)	(35)
Reversal interest payable on Convertible Bonds at FTA date	-	-	-	-	42	42
Transfers to legal reserve	-	(351)	351	-	-	-
Other movements	-	-	-	-	8	8
Net Income 2005		-			567	567
Balance per September 30, 2005	**4,107**	**43,671**	**797**	**32**	**(47,614)**	**993**
Shares Issued and Share premium	275	435	-	-	-	710
Stock option repurchase	-	(125)	-	-	-	(125)
Cost of Shares Issued	-	(20)	-	-	-	(20)
Issued Convertible Bonds	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	(63)	-	(63)
Share based payments	-	-	-	-	113	113
Transfers to (from) legal reserve	-	19	(19)	-	-	-
Net Income 2006	-	-	-	-	1,041	1,041
Balance per September 30, 2006	**4,382**	**43,980**	**778**	**(31)**	**(46,460)**	**2,649**

2006 saw the issue of 2,750,000 shares at an average price of EUR 0.26 per share. Of these shares 1,250,000 were issued to Berkshire Investments BV and 1,500,000 shares in a private placement with a professional investor.

The Company repurchased 6,000,000 stock options from Berkshire Investment BV. The repurchase price was charged to Equity.

The legal reserves pertain to the capitalized software development costs (EUR 748k). An additional legal reserve amounting to EUR 30k has been taken, to cover the increase in the shareholders equity 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.

The movement in retained earnings amounting to EUR 42k pertains to an interest accrual set up at October 1, 2004 in connection with the conversion to IFRS. Under the application of IFRS for the Convertible Bonds recognized as equity an interest payable was set up against Equity. Upon conversion the Company was discharged in full for this payable and it was therefore returned to equity.

Equity Settled Share Based Payments

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.

TIE Stock Options generally have a three-year vesting period and a subsequent exercise period of 7 years. Employees leaving the Company within the vesting period lose their options, which then become available for re-issuance under future stock option plans.

Per September 30, 2006, a total of 1,426,199 (2005: 2,005,965) options have been issued through the regular Employee Stock Option Plan at a strike price of EUR 0.33 to all employees in the Netherlands, France and the United States. This includes 176,747 stock options issued to Drs Th.H. Raman (CEO).

Movements in the number of stock options to employees and management of the Company:

	Average strike price	Total 2006	Average strike price	Total 2005
Options outstanding October 1,	**0.405**	**4,495,224**	**0.454**	**3,092,911**
Options granted during the year	0.330	1,426,199	0.374	2,005,965
Options cancelled	0.539	(970,984)	0.544	(603,642)
Adjustments	-	-	-	(10)
Options outstanding September 30,	**0.359**	**4,950,439**	**0.405**	**4,495,224**

Balance of stock option fair value at issue to be expensed:

	2006	2005
Balance as at October 1,	**280,454**	**55,779**
Fair value of stock options issued	163,638	332,004
Expense for the year	(112,972)	(107,329)
Changes in lapsing estimates	-	-
Balance at September 30,	**331,120**	**280,454**

The aforementioned balance reflects the future expense of stock options outstanding at balance sheet date based on management's current best estimate of the number of options that will actually vest. This balance is not reflected on the face of the balance sheet.

A Black & Scholes model was used to calculate the fair value of the stock option plans, using an interest rate of 3%, a calculated forfeiture of 14,17% and a calculated volatility of 37%. Volatility was determined using the square root of share price movements.

Stock options outstanding to employees and management of the Company as per September 30, 2006 can be broken down as follows:

	Issue Date	Options Granted	Cancelled	Outstanding options	Weighted average exercise price	Maturity Date
2003 Netherlands	Sep 30, 2003	497,614	(118,554)	379,060	EUR 0.31	Apr 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	472,564	(118,312)	354,252	EUR 0.47	Apr 2008
2004 CEO	Sep 30, 2004	45,743	-	45,743	EUR 0.47	Apr 2008
2004 USA	Sep 30, 2004	315,040	(46,540)	268,500	EUR 0.41	Apr 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 CEO	Sep 30, 2005	71,713	-	71,713	EUR 0.34	Oct 2015
2005 Netherlands	Sep 30, 2005	556,965	(152,696)	404,269	EUR 0.34	Oct 2015
2005 USA	Sep 30, 2005	485,254	(26,584)	458,670	EUR 0.34	Oct 2015
2005 France	Sep 30, 2005	119,000	-	119,000	EUR 0.34	Oct 2015
2006 CEO	Sep 30, 2006	176,747	-	176,747	EUR 0.33	Oct 2016
2006 Netherlands	Sep 30, 2006	541,602	-	541,602	EUR 0.33	Oct 2016
2006 USA	Sep 30, 2006	574,650	-	574,650	EUR 0.33	Oct 2016
2006 France	Sep 30, 2006	133,200	-	133,200	EUR 0.33	Oct 2016
Total	**Sep 30, 2006**	**5,613,125**	**662,686**	**4,950,439**		

A total number of 1,426,199 options have been allotted to the personnel and the Management Board. None of the options issued have been exercised. A total number of 4,950,439 options is outstanding at balance sheet date, therefore the available options for re-issuance as a result of cancelled options from employees who left the Company totals 49,561 options.

The shareholdings as well as the stock options held by the Management Board are as follows:

	Shares	Stock Options
Opening balance October 1, 2005	**5,938,339**	**1,071,170**
Granted or acquired	-	176,747
Cancelled or sold	(999,375)	(55,000)
Adjustment	-	(10)
Closing balance September 30, 2006	**4,938,964**	**1,192,907**

The cancelled options refer to Stock Options issued to the Supervisory Board in 2002 that have lapsed in 2006. At September 30, 2006 Supervisory Board Members do not hold any Shares or Stock Options in the Company.

The Stock Options granted to the Management Board outstanding as at September 30, 2006 have the following terms:

Year	Exercise price	End Date	Total
Sep 2003 [1)]	0.31	Apr 2007	48,704
Feb 2004	0.32	Apr 2007	350,000
Sep 2004	0.47	Apr 2008	45,743
Feb 2005	0.41	Apr 2015	500,000
Sep 2005	0.34	Oct 2015	71,713
Sep 2006	0.33	Oct 2016	176,747
Total			**1,192,907**

[1)] Included in Netherlands 2003 in overview above.

On September 30, 2006 CSD Investments BV holds 6,585,285 shares in TIE Holding NV (2005: 7,917,785). Drs. Th.H. Raman holds 75% of the issued share capital of CSD Investments BV and therefore indirectly a shareholding in TIE Holding N.V. This indirect shareholding is included in the table above. The other shareholders of CSD Investments BV are R.P. Stolwijk, R.F. Raman, and L. Wouters.

Other Stock Options

Options outstanding with non employees as per September 30, 2006:

	Date	Options Granted	Weighted average 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**		

The Company repurchased the options to Berkshire Investments in January 2006. Subsequently 1,250,000 new shares were issued and paid up at nominal value (EUR 125,000).

Movements in non-employee stock options are as follows:

	Average strike price	Total 2006	Average strike price	Total 2005
Options outstanding October 1,	**0.418**	**1,100,000**	**0.508**	**7,600,000**
Options granted during the year		-	-	-
Options repurchased		-	0.523	(6,000,000)
Options cancelled		-	0.800	(500,000)
Options outstanding September 30,	**0.418**	**1,100,000**	**0.418**	**1,100,000**

The outstanding non-employee options were all issued in relation to credit facilities offered to the Company by the various lenders. It is the Company's policy and intention to issue new shares upon exercise of these options.

Non-employee stock options outstanding do not have vesting periods, nor a requirement to be expensed. Considerations received for these Gross Equity Settled Instruments at issue were credited to equity at issue.

Convertible Bonds

Convertible bonds issued by the Company have been classified as Equity based on the fact that under the terms and conditions of these bonds there is evidence of a residual interest in the Company's assets after deducting all of the Company's liabilities.

Distributions to holders of Equity Instruments are recognized directly in equity net of tax. Distribution during 2006 amounted to EUR nil (2005 EUR 32)

Movements in the balance of outstanding convertible bonds are as follows:

	2006	2005
Balance as at October 1,	**-**	**3,581,000**
Issued	2,140,000	-
Converted into common shares	-	(3,581,000)
Redeemed	-	-
Balance at September 30,	**2,140,000**	**-**

The Balance outstanding as per September 30, 2006 consists of the following bonds:

Convertible Bond	Issue Date	Maturity date	Conversion rate	Interest rate	2006	2005
Alto Imaging Group N.V. [3)]	July 31, 2006	July 31, 2007	[3)] 0.353	5%	400,000	-
Stayer Holding B.V.[1)]	August 24, 2006	July 1, 2010	0.35	-	870,000	-
Stayer Holding B.V.[2)]	August 24, 2006	July 1, 2016	0.35	-	870,000	-
Total					**2,140,000**	**-**

1) The conversion period equals start date for the issuer; the bondholder can convert from February 1, 2007 onwards.

2) The conversion period equals start date for the issuer; the bondholder can convert from July 1, 2009 onwards.

3) Variable conversion rate. If at conversion date the market price of the stock is below the listed rate then the conversion rate will be reset to the average market price of the 30 days prior to conversion date.

On the EUR 400,000 convertible bond interest is payable upon maturity. Under the terms of the bond interest payable at conversion date or maturity date can be converted into ordinary shares TIE Holding N.V.

No collateral has been pledged against these bonds.

The fair value of these bonds is approximately EUR 1.6 million. The exposure to interest rate risk on these instruments is marginal. The bonds are expected to be converted into common shares of the Company on or prior to maturity date.

Provision for Equity Deficit Subsidiaries

	2006	2005
Opening balance as per October 1,	**126**	**1,525**
Movements from (to) Financial Fixed Assets	(126)	(1,399)
Closing balance September 30,	**-**	**126**

In 2005 and previous years some subsidiaries had a negative net investment value. For these subsidiaries a provision for Equity Deficit was set up. At year end 2006 the provision for Equity Deficit is zero.

16) Current Liabilities

Creditors

	2006	2005
Trade creditors	230	290
Taxation and social security contributions	35	55
Inter-company payable	828	828
Other payables and accruals	394	192
Total	**1,487**	**1,365**

The inter-company payable is an outstanding with TIE International. No interest is due on this balance.

Affiliated Companies

The amount reported reflects the outstanding current balances to Conceptive Systems Design Nederland B.V. (CSD Nederland BV) 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.

Notes to the Company Income Statement

Holding expenses

Expenses accounted for consist of expenses related to the Holding activities of TIE Holding NV. This includes allocated employee benefits. TIE Holding NV had no employee during 2006 (2005: 0). The remuneration of the Supervisory Board, members EUR 10k and chairman EUR 20k are included in the Company expenses. For a detailed description of the remuneration of the members of the Management Board we refer to page 65 of the Notes to the Consolidated Financial Statements.

Audit, Legal and Consultancy fees amounting to EUR 494k are included as well as the stock option expense, listing fee and amortization charges pertaining to Holding assets.

Income Tax

The Company holds unrecognized deferred tax assets with respect to past tax losses amounting to approximately EUR 9m (related losses amounting to approximately EUR 30m). Foreign loss carry forward pertaining to approximately EUR 1 of the unrecognized asset can be carried forward for at least 15 years. The tax loss

carry forward originating from the Netherlands currently has no expiration date but this has changed in 2007 limiting loss carry forward to 9 years.

Commitments and Contingent Liabilities

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), January 30, 2007

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 1,047k will be transferred to Other Reserves.

Article 26 of the Articles of Association reads as follows:

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 authorized.
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 has 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, 2006 and subsequent financial years. Payment of dividends can be made either in cash or in stock.

Subsequent Events (unaudited)

On January 17, 2007 the shareholding in the associate Retail Connect BV was increased from 18% to 33.3%. The Company received these additional shares for a payment of EUR 1 per share.

In January 2007 for the first time in the history of the Company, employees exercised their stock options. As a result of the execution of the 2003 TIE Employee Stock Option Plan, the Company issued 257,119 new ordinary shares. The 2003 TIE Employee Stock Option Plan will expire in April 2007. Potentially this will result in the issue of in total 679,060 new shares.

On November 28, 2006 an agreement was reached with one of the former shareholders of Nspyre releasing the Company from its commitment to pay the part of the Earn-out provision set up at acquisition pertaining to this individual (50% of EUR 56k).

Auditors' Report

Report on the financial statements

We have audited the accompanying financial statements for the year ended September 30, 2006 of TIE Holding N.V., Schiphol-Rijk, the Netherlands as set out on page 34 to 86. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements as set out on page 34 to 76 comprises the consolidated balance sheet as at September 30, 2006, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements as set out on page 76 to 86 comprises the company balance sheet as at September 30, 2006, the company profit and loss account for the year then ended and the notes.

Management's responsibility
The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report from the Management Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of TIE Holding N.V. as at September 30, 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of TIE Holding N.V. as at September 30, 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the Report from the Management Board is consistent with the financial statements as required by 2:391 sub 4 of The Netherlands Civil Code.

The Hague, The Netherlands, January 30, 2007

ERNST & YOUNG ACCOUNTANTS

H. Hollander,
Partner

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