Blue Fox Enterprises NV annual report 2006

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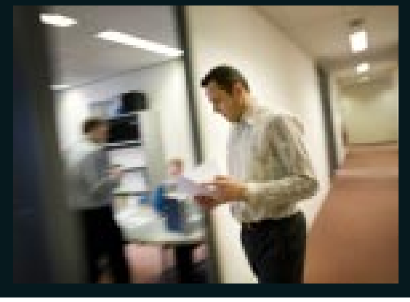
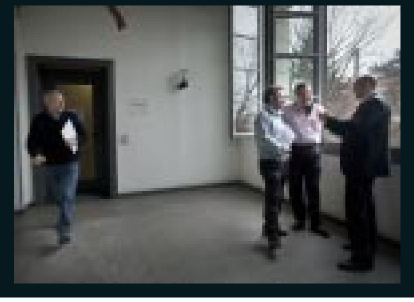
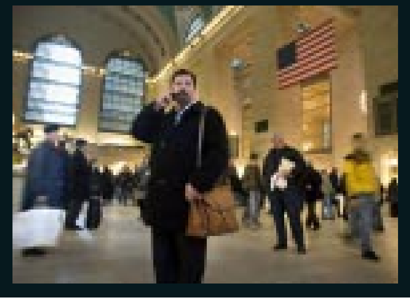

Blue Fox Enterprises N.V.

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Blue Fox Enterprises NV annual report 2006

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1 Letter from the CEO

Dear shareholder,

The year 2006 has been a year of drastic changes for Blue Fox. The cost reduction measures announced in 2005 proved to be inadequate given the revenue and margin development seen during the first quarter of 2006. The lagging result development necessitated further restructuring and stringent measures. After Mr. Eisma's departure in May 2006, the organisation was assessed by an external agency at the request of the Supervisory Board. The ensuing report pointed out that drastic measures were vital to transform Blue Fox into a profitable organisation again.

During the second half of 2006, we worked intensively on the turnaround. The holding has been downsized and the Dordrecht head office was closed. We sold Reset C&T B.V., a specialist in the secondment of CAD specialists, to the management of this subsidiary. Recently we were able to close the sale of Carrier to Carrier Telecom, another non-core activity. In this case as well, we sold the company to the management of the subsidiary.

The sales organisation of the textile and apparel division has been restructured drastically. We were able to secure a new credit facility with our bank to bridge the period of the planned turnaround. The restructuring inevitably led to considerable one-off costs, relating to severance payments, legal expenses and other costs. A total of € 4.4 million has been charged to the 2006 results, including other provisions.

However, cost reductions were not the only item on the agenda. Establishing the strategic direction of the company received a great deal of attention and it became clear that our good position in the textile and apparel industry justifies investments to develop the next generation of software for CAD/CAM. Furthermore, the development of ERP software in the Microsoft Industry Builder Initiative is developing well. The first release of the software was certified in mid-January 2007, after a short delay. Expectations are that the first turnover related to this new software will be recorded in 2007.

The comprehensive turnaround, the reduction of debts and the investments in the textile and apparel software development could not be financed from the current cash flow. We therefore started to put operating companies up for sale. On this basis, we will create the position to fully focus on the chances and opportunities in the textile and apparel industry, for which we are able to free up the funds necessary thanks to all the measures taken since mid-2006.

Although the textile and apparel division did not contribute to the result for 2006, we expect this division to form the basis of future growth, partly based on the slightly improved market conditions. Determining factors are the quality of the new generation CAD/CAM software and the future success of the ERP software. The cooperation with Microsoft is currently in the second phase of development. After the conclusion of this phase, the marketing power of Microsoft could play a significant role in the future success of the ERP software.

Due to all the hard work, we are far better positioned at the beginning of 2007 than we were one year ago. Obviously there is no reason to be proud of an operating loss of € 6.8 million, which we incurred over 2006, but we should realise that € 4.4 million of this loss was due to one-off costs and impairments.

The year 2007 will be a transitional year for Blue Fox. Much will depend upon the pace at which our new ERP software for the textile and apparel industry builds up a presence in the market. The expectations are high, but it is difficult to make a reliable assessment. Combined with Microsoft's marketing power, a fascinating new beginning could be made with the new generation of software.

Finally, I would like to thank our customers and business partners for their continued support and all Blue Fox staff for their commitment during this difficult year. Your contributions have been key in realising the turnaround and achieving a better starting position for the new year.

Vianen, 4 April 2007

Cees van Steijn,
Chairman of the Board of Directors

"It is amazing. Our participation in the Microsoft Industry Builder Initiative is like a high-speed train. The main challenge this year is to go forward at the same speed."

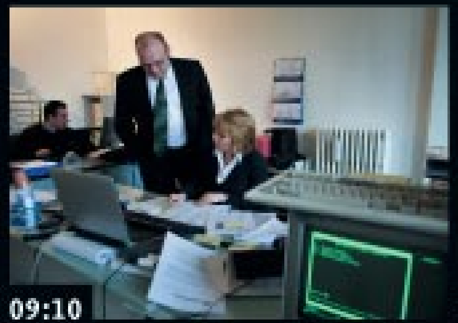
name Ruud de Jong
position Channel Manager
division Blue Fox Porini Sales Department

What is your job at Blue Fox? *"I divide my time between our offices in the Netherlands and Lomazzo in Italy. This means I am involved in two roles. My main responsibility as a channel manager is business development. In Italy I am part of the 'Microsoft Project' team that delivers the software for Microsoft's Dynamics AX solutions suite. In this capacity I am responsible for all sales activities in Australia, New Zealand and Europe excluding Italy, regarding our enterprise resource planning software for the textile and apparel industry, known as Blue Fox Porini."*

What are you proud of? *"I am very proud of the trust customers have in our solution. Although the second release of our ERP-solution for Microsoft Dynamics AX is scheduled for end 2007, we already signed our first deal in December 2006. This is a testimony to the confidence our clients have in Blue Fox and Microsoft. You mustn't forget that our people in Lomazzo have a tremendous track record in the textile and apparel industry. If you manage to merge more than 37 years of experience in this business with all the innovative power of Microsoft, you know that you have created something extraordinary."*

Outlook for 2007 *"Our software was recently tested and certified by Microsoft. We even received the highest scores of all the industrial builders that provide their vertical industry segment solutions for Microsoft Dynamics. Our main focus in 2007 is to expand our network of Value Added Resellers worldwide. In March 2007, we officially launched the Microsoft solution in San Diego. From there on we will carefully execute our Go to Market strategy together with Microsoft."*

08:30
Ruud de Jong lives in Como, a town near Porini's headquarters in Lomazzo.



09:10
Morning briefing with the management assistant.

10:03
Ruud de Jong with two colleagues in the garden of the old textile factory, now Porini's headquarters in Italy.

12:44
On the way to a business lunch.

13:00
Italians not only enjoy the food during lunch, but also conduct business.

15:09
Discussing new projects in the corridors of the old textile factory.

18:00
Pronto! Ruud de Jong makes a final telephone call before finishing work.

Lomazzo Italy

2 Key figures

	2006	2005
Results (in thousands of euros)		
Net sales	49,120	52,440
Operating result	-6,835	-1,500
Net result	-6,560	-1,482
Cash flow	-631	1,250
Employees (in FTE)		
Average number including staff hired out	331	351
Balance sheet information (in thousands of euros)		
Balance sheet total	30,192	28,381
Shareholders' equity	3,220	9,800
Guarantee capital	5,295	11,770
Ratio's (in %)		
Operating result / net sales	-13.9	-2.9
Net result / net sales	-13.4	-2.8
Solvency	10.7	34.5
Figures per share (amounts in euros)		
Average number of shares outstanding	3,512,120	3,512,120
Result per share	-1.87	-0.42
Cash flow per share	-0.18	0.36

3 Profile

Company profile

Blue Fox is a global provider of high-quality software solutions and services for manufacturers and designers of the products, designs and brands which surround us in our day-to-day lives. Either in the form of fashion items, accessories, carpets, or other woven materials, but also in the form of buildings, machines and appliances, roads, bridges, waterways, etc.

Through its Textile and Apparel Software division, Blue Fox develops Computer Aided Design (CAD) and Computer Aided Manufacturing (CAM) and Enterprise Resource Planning (ERP) system software for the international textile and apparel industry. The software aids the design and production of textiles, as well as sales and order management, planning and scheduling, forecasting, supply chain management, and distribution.
Blue Fox NedGraphics develops software for design studios to create, visualise and present their products. Textile and fashion product manufacturers are using Blue Fox software to operate their production machines. More and more companies operating in the global textile and apparel industry are beginning to use Blue Fox Porini Enterprise Resource Planning software to further improve their efficiency. Furthermore, Blue Fox Porini was selected by Microsoft as their partner for the development of the vertical ERP software for the textile and apparel market. This new ERP software will be introduced in 2007.

The company's Engineering and Geographic Information Software (GIS) division designs and distributes software for governments and for engineering applications in mechanical and civil engineering, construction and architecture, and industrial design. In the engineering and industrial design sector, Blue Fox subsidiary Pollux helps its clients throughout the Benelux to increase their productivity and fully exploit their creative capabilities. In addition, Blue Fox develops highly sophisticated geographic information software solutions, mainly used by municipal, provincial and national governmental organisations in the Netherlands.

Blue Fox employs about 330 staff worldwide. Software development activities are concentrated in three locations: Vianen (the Netherlands), Lomazzo (Italy) and Bucharest (Romania). Consultancy services, sales and support activities are carried out locally through a global network of regional offices and agents in 35 different countries. Blue Fox's global operations in 2006 generated sales of approximately € 49 million, of which the Textile and Apparel Software division contributed approximately 35%, with the Engineering and Geographic Information Software division accounting for about 56%.
Blue Fox Enterprises N.V. shares are listed on Eurolist of Euronext Amsterdam N.V.

Description of the divisions

Engineering & GIS division The Engineering and Geographic Information Software division consists of two operations in the Benelux. The division sells software to support processes involving Computer Aided Design, visualisation and presentation activities. Not only for environments traditionally associated with the engineering profession, but also for market segments such as media & entertainment, building & construction and the public sector.

Pollux is specialised in the distribution of standardised design, visualisation and presentation software. This software is produced by leading manufacturers in this field and sold to professional users through a network of independent resellers. The vast majority of sales consist of AutoCAD software produced by Autodesk. This design software is the de facto standard application in engineering professions. The company has managed to develop a long-lasting and mutually beneficial relationship with Autodesk as that company's distribution agent in the Benelux, as well as with a number of producers of other leading software brands. Technological innovations relating to design software - such as the improved three-dimensional modelling, photo-realistic visualisation and animation features - are making these applications increasingly popular with end-users in other design professions.

NedGraphics CAD/GIS develops and markets specific software solutions for geographic information systems. The company has a firmly established client base in the Netherlands, mainly selling its products and services to local and central governments, engineering and building companies. The division's market share of geographic information systems in the municipal government market is over 50%. In general, the production of computerised maps continues to be the responsibility of departments involved in surveying, town planning, road construction and the maintenance of infrastructural works. However, the advantage of adding other types of information to these maps has opened up channels of communication to other users and potential customers for the company. The combination of browser functionality for intranet viewing and operational data storage products marketed by NedGraphics CAD/GIS is becoming the de facto standard front office solution for municipalities, just as its NedView application has become the standard desktop viewer for geographic information systems.

Textile & Apparel division The Textile and Apparel Software division develops and markets innovative software solutions for the global textile and apparel market. It comprises two different groups of software solutions: design and production software applications marketed under the name Blue Fox NedGraphics, and Enterprise Resource Planning systems marketed under the name Blue Fox Porini. Blue Fox fully supports its customers by providing both flexible solutions, covering the complete supply chain, and personal service (customisation) in all stages of the design, production and resource planning process. Furthermore, Blue Fox supports clients in almost every segment of the trade, including vertical producers (fibre to finished garment) or importers of apparel, footwear, textile, home furnishings, outdoor and fashion accessories.

With its NedGraphics software solutions, Blue Fox has over 28 years of experience in developing, marketing and supporting the leading CAD/CAM software for thousands of companies worldwide. The NedGraphics software line covers solutions for textile design (CAD) and production (CAM) associated with:
- Fashion and apparel
- Woven textiles
- Printed textiles
- Floor coverings (woven, tufted, and printed)
- Product presentation & merchandising
- Design management & communication
- Networking of production machines

The Porini software is the leading Enterprise Resource Planning solution for the textile and apparel industry. It entails more than 38 years of experience in the development and implementation of innovative, world-class IT solutions. The Porini software line offers a broad and powerful suite of applications helping organisations to optimise their activities and results with respect to:
- Product development
- Sales and order management
- Sourcing
- Manufacturing
- Planning and scheduling
- Production monitoring
- Forecasting
- Supply chain management
- Distribution
- Retail

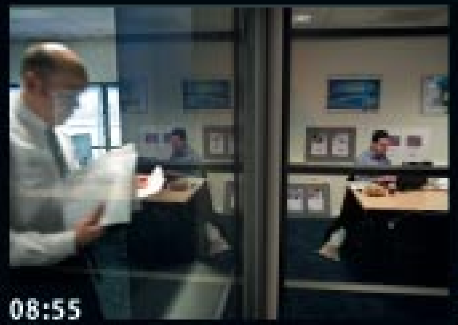
"The shift from 2D to 3D has a huge impact on the way products are designed."

name Jeroen Leeuw
position Product & Account Manager
division Pollux B.V.

What is your job at Blue Fox? *"Actually, I have several roles. As a product manager, I provide product support for our clients, operating between technology and marketing. As an account manager, I am responsible for our key accounts. Finally, I am also part of the Pollux Management Team."*

What are you proud of? *"I am very proud of the fact that we obtained the distribution rights for Autodesk's Building Solutions in the Benelux. Until last year we only had the right to distribute the general AutoCAD software. Now we can offer a much broader range of solutions to our customers, such as Autodesk ADT and the Autodesk Revit series. This is a major step forward for Pollux if you consider that the building market is one of the fastest growing markets for CADware. Moreover, we now offer more added value in training, support and implementation."*

Outlook for 2007 *"2007 will be a fascinating year. The breakthrough of 3D has triggered new and broader demand for high-end design, visualisation and presentation software in more diverse market segments. It will also be a 'transition year' for us, during which we will further expand our knowledge of the building market. One of the challenges is regulation. Every country has different laws when it comes to designing and building houses. How can we help our clients with these local compliance issues? All in all, I am convinced that we have the right team and the right people to match our ambitions."*



08:55

Ready for a new day. Jeroen Leeuw is studying print-outs on the way back to his desk.

11:15

Between sales meetings.

13:26

Jeroen Leeuw and his colleagues have typical Dutch lunch together; milk, cheese, coldcuts and bread.

14:15

Attending a meeting on strategy.

15:45

Several new ideas are being exchanged during the meeting.

17:32

The meeting is nearly over. The speaker wraps up his presentation.

Apeldoorn the Netherlands

4 Composition of the Boards

Board of Directors

Cees van Steijn (1951) **Chairman** Cees van Steijn studied Business Economics in Amsterdam, and got his MBA at IMD in Lausanne. During the 1970s, he gained international experience at Fokker B.V. After earning his Master's Degree in 1981, he worked for 12 years at the Amsterdam-based management consultancy firm Van de Bunt, where he was a Senior Consultant and partner. He served as Managing Director of two publishing companies, first at Meulenhoff Educatief B.V. in Amsterdam from 1993, and from 1996 also at the Leiden-based SMD Uitgevers. From 1999, Cees van Steijn served on the boards at Amsterdam RAI B.V., Newconomy N.V., Landis ICT Group N.V., NOB N.V., Veronica and Priority Telecom N.V. These positions entailed that Cees van Steijn was also a member of the supervisory boards of various companies (e.g., SBS Broadcasting, Veronica Holding, Explainer DC and Centraal Boekhuis).

Sjoerd W. Eisma (1950) **Chairman*** Sjoerd Eisma started selling PC CAD systems after a management buy-out in 1985, which in 1990 led to the incorporation of Blue Fox Enterprises and a number of subsidiaries. Sjoerd Eisma was the Chairman of the Board of Directors of Blue Fox Enterprises, responsible for Investor Relations and the strategy of the company. He was also responsible for the control of the operating companies.

Roelof J. Brolsma (1951) **Member**** Roelof Brolsma joined Blue Fox Enterprises in 1991 as Business Development Manager and was appointed Managing Director of Blue Fox subsidiary TOPCAD in 1996. He joined the Board of Directors at the time of the listing in 1999, and was responsible for business development, acquisitions, divestments and strategic alliances.

* Mr. Eisma resigned from the Board of Directors as per 2 May 2006.

** Mr. Brolsma resigned from the Board of Directors as per 1 December 2006.

Supervisory Board

Servaas L.M. Houtakkers (1959) **Chairman**
Mr. Houtakkers graduated from Nijmegen University and started his professional career as a corporate lawyer at Hendrix International, which is better known now as the Euronext Amsterdam-listed company Nutreco NV, before moving to MeesPierson NV's legal department in Amsterdam. In the early 1990s, he pioneered the banking and trust activities of MeesPierson in Belgium. In 1994, he was appointed Managing Director of MeesPierson Trust Luxembourg and subsequently appointed Managing Director of MeesPierson (Luxembourg) Banquiers. He moved to Brussels in 1997, where he acted as Chief Operating Officer of EASDAQ NV/SA and subsequently, from late 1998, continued his career at Merrill Lynch NV in Amsterdam. He was appointed managing partner with a Brussels-based corporate services company in 2001, which company was sold to an international trust company in 2003. Mr. Houtakkers has been active as a corporate consultant since January 2005. He is a member of the advisory board of Greening International Partners and was a member of the managing board of Burani Designer Holding BV until February 2007. He was Chairman of the Board of Directors of Prolion Holding NV from 2002 until September 2004 and of Interbanca International Holding SA from 2003 until March 2005.

Pierre A.M. Pellenaars (1945) **Member** Mr. Pellenaars graduated in business economics from Tilburg University. His (former) positions include membership of the Executive Board of Gebr. Broere B.V. in Dordrecht and Senior Vice-President Finance & Administration of Koninklijke Pakhoed N.V. Mr. Pellenaars was subsequently Chairman of the Board of Directors of Wilton-Feijenoord Holding B.V. and Chairman of the Board of Directors of RDM Nederland B.V. Mr. Pellenaars has been active as corporate advisor and as private investor since January 2000. In addition, Mr. Pellenaars is President of the Supervisory Board of SLTN Group B.V. and a Supervisory Board member of Sanadome Holding N.V., Winwind B.V., Indus PS B.V. (holding company of MPE B.V.) and Thermae 2000 N.V.

Ton Pannekoek (1949) **Member** Mr. Pannekoek holds a degree in business economics from the H.E.A.O. in Arnhem and completed executive courses at Insead-Fontainebleau and the Harvard Business School in Boston. He held several sales positions with Burroughs (Unisys) during a nine-year period and was Sales Director of Apple Computer B.V. before starting Compaq Computer B.V. in the Netherlands in 1987. He was Managing Director of Compaq Nederland until 2000, with various European accreditations. Since then, Mr. Pannekoek has been active as corporate consultant, private investor and Chairman of the Supervisory Board of Compu'Train B.V.

Leon P.E.M. van den Boom (1952) **Member** Mr. Van den Boom studied at the University of Groningen and the Vrije Universiteit in Amsterdam and is a business economist and chartered accountant. He worked for the University of Washington and for ABN Bank, was a partner at Van de Bunt, Managing Partner at the Van den Boom Groep, was a member of the Executive Board of NIB Capital Bank N.V. He has been working as an independent consultant since 2003.
Mr. Van den Boom specialises in issues in the field of Corporate Finance and Corporate Governance. He holds supervisory directorships at ASM International, Vanderlande Industries, Integrated Engineering and Bijzonder Jeugdwerk Beheer.
He is Chairman of the Stichting Administratiekantoor of Het Financieele Dagblad Holding and a member of the Board of Stichting Administratiekantoor Fugro N.V.

5 Report of the Board of Directors

Operational review 2006

In the first half of 2006, it became apparent that the cost savings implemented in 2005 were insufficient. In the second half of the year, we worked hard to bring about the turnaround. During the year, cost levels were further reduced and these are now more in line with the size of the organisation. The head office in Dordrecht was closed in the second half of the year and the size of the holding company was sharply reduced. In addition, the sales organisation in the Textile and Apparel Software division was overhauled.

In 2006, the positive impact of the cost savings was offset by non-recurring expenses and provisions charged to the result. The turnaround was paired with significant non-recurring restructuring costs, including redundancy payments, legal costs, etc. Along with the other provisions and impairments, non-recurring costs of € 4.4 million were charged to the result in 2006. The measures will begin to bear fruit in 2007 and we will benefit from their full structural impact after 2007.

In addition to the attention given to cost reductions, much attention was devoted in the past half year to shaping the new organisation. It has become clear that our strong position in textile and apparel software justifies investments in a new generation of CAD/CAM software.

Blue Fox will also increase the focus on its ERP software for the textile and apparel industry. The ERP software development within the Microsoft Industry Builder Initiative is going well. After a small delay, the first release was certified in mid-January 2007 and the first revenue related to the new software is expected in 2007.

The major turnaround and the debt restructuring could not be funded from the current cash flow, especially in combination with the necessary investments in the textile and apparel software and the Microsoft platform for the ERP software. Therefore, Blue Fox has started to sell off subsidiaries, as announced when the first-half 2006 figures were published in August.

In October, Blue Fox sold Reset C&T B.V. - an operating company of the Engineering and GIS division that seconds CAD specialists - to the management of the company.
Shortly after the close of the financial year, Blue Fox sold its subsidiary Carrier to Carrier Telecom to the management of that operating company. Carrier to Carrier had not fitted in with Blue Fox's core activities for some time. The proceeds from the sale of Carrier to Carrier Telecom will be recognised in the results for the first half of 2007.

In addition, the company is in an advanced stage of negotiations on the sale of its CAD/GIS activities. The CAD/GIS activities are part of the Engineering and GIS division. The sale is the next small step in the turnaround, which is necessary to shape the new strategy. On this basis, Blue Fox is setting the stage to be able to concentrate more on the challenges and opportunities in the textile and apparel software industry.

Blue Fox recently extended the credit facility, which was agreed with Fortis in October, until 1 June 2007.

Financial review 2006

Results Blue Fox closed 2006 with an operating loss of € 6.8 million (2005: € 1.5 million loss). Excluding non-recurring costs, the operating result of the company would have been a loss of € 2.4 million (2005: € 0.4 million loss).

In 2006, sales dropped slightly by 6.3% to € 49.1 million (2005: € 52.4 million). This drop was seen both in the Engineering and GIS division and in the Textile and Apparel Software division.

Although market conditions improved slightly during the second half of 2006, the textile industry in Europe was still under enormous pressure, as a result of which the total sales of the Textile and Apparel Software division fell. This division's net sales showed an 11.1% decrease in 2006 to € 17.1 million (2005: € 19.3 million). Partly because of the focus on the investment in the Microsoft project and the costs of non-recurring measures, the operating result fell from break-even in 2005 to a loss of € 2.9 million in 2006.

The net sales of the Engineering and GIS division fell by approximately 3.4% to € 27.4 million (2005: € 28.4 million).
In October 2006, Reset C&T B.V. was sold, and was no longer consolidated in the second half of the year. At the end of 2005, a successful one-off sale of third-party software was also made, and this was not repeated in 2006. On balance, this resulted in only a limited drop in the operating result to € 1.2 million (2005: € 1.4 million).

Cash flow, investments and funding Despite the negative result, the operational cash flow in 2006 was positive, amounting to € 1.6 million (2005: € 5.4 million positive).
In 2006, a long-term loan for € 2.0 million was concluded, while € 0.6 million in loans was redeemed. The cash flow from investments remained stable at € 3.6 million negative (2005: € 3.5 million negative), and total cash flow dropped to € 0.6 million negative.

Balance sheet Fixed assets fell from € 18.8 million to € 15.0 million as a result of the impairment of intangible fixed assets amounting to € 0.9 million, the repayment of a loan and the reclassification of assets held for sale of € 1.7 million.

Due to the negative results of recent years, Blue Fox has carry-forward losses available. To the extent that this deferred tax asset exceeds the deferred tax liability as a result of losses carried forward (on balance € 2.9 million), these are not recognised, as it is not certain that they can be offset with taxable profit in the near future.

The assets and liabilities related to Carrier to Carrier, the operating company that was sold on 1 March 2007, are included in the final balance sheet under 'assets held for sale' as required by IFRS 5.

Provisions at year-end 2006 in the balance sheet amounted to € 1.3 million (2005: € 0.3 million). These provisions relate to restructuring costs and costs related to the early termination or renegotiation of commercial contracts.

Shareholders' equity decreased from € 9.8 million at the end of 2005 to € 3.2 million at 31 December 2006. The guarantee capital amounted to € 5.3 million at 31 December 2006 (2005 year-end: € 11.8 million). Solvency fell to 10.7% compared to 34.5% at the end of 2005.

Outlook The year 2007 will still be a transition year for Blue Fox. The guiding principle is to focus on the challenges and opportunities in the textile and apparel software industries.

While the textile and apparel division did not contribute to the result in 2006, this division is nevertheless expected to form the cornerstone for future growth. This will be driven by the enhanced fundamental position Blue Fox has created through additional investment, in combination with the slightly improving market conditions for this activity. Determining factors will be the quality of the new generation of CAD/CAM software and the future success of the ERP software brought on the market under the Microsoft brand. The cooperation with Microsoft is now in a second phase of development. After completion of this second phase, Microsoft's marketing strength will play an important role in this respect.

Taking the present developments and uncertainties into account, it is too early to make any statements with respect to the expectations for 2007.

Staff and organisation

The human resources policy within Blue Fox focuses on skills and talent development. We have a decentralised approach to the operating companies based on worldwide HR standards.

The operating companies of Blue Fox mostly hold top positions within their respective market segments. Entrepreneurship is stimulated universally throughout the Blue Fox organisation, as most operating companies are organised in smaller units which operate with a certain level of autonomy. The directors of the operating companies are responsible for the commercial and financial developments with regard to their company and they report to the Board of Directors. This management approach creates a mentality of speed, flexibility and leadership with short communication lines, making the best possible use of the knowledge and know-how of Blue Fox's people and the quality and reputation of its products and services.

In each operating company individual attention is paid to training and development of the staff members. Both internal and external training courses are given to groups of staff members. In addition, individual staff members are encouraged to follow external training courses that benefit the position they hold. For this, they are often eligible for a financial contribution from the company.

The HR policy focuses on a competitive remuneration policy, the development and introduction of a sound career development and mobility policy, as well as the implementation of a worldwide performance management system. Management development and succession planning are also a focus of attention.

The average number of staff members declined by approximately 5.7% during 2006, from an average of 351 in 2005 to an average of 331 staff in 2006. At year-end 2006, Blue Fox had 305 staff members, compared with 337 at year-end 2005. This decline was mainly the result of the restructuring.

amounts in thousands of euros	2006	2005
Staff members (in average FTE)	331	351
Average contribution per FTE to gross margin	81	82
Average wage costs per FTE	66	58

The increase in average wage costs per FTE was mainly related to redundancy payments.

Approximately 63% of Blue Fox personnel work in the Textile and Apparel Software division, and 29% in the Engineering and GIS division. A further 8% is employed throughout the rest of the organisation, including the holding.

The workforce of Blue Fox is very international and we have approximately 23 nationalities. Of total staff, 82% work in Europe, with 59% of these in the Netherlands. The remaining number of employees is mainly stationed in the USA and China.

name Johan Hazendonk
position Business Consultant and Product Manager DesignCOM
division Blue Fox NedGraphics Carpet & Weave

"Designers and manufacturers are under constant pressure to shorten the lead times of their products. Thus a higher level of integration with CAD/CAM applications is imperative."

What is your job at Blue Fox? *"As a business consultant I help our customers to map their business processes and suggest improvements. I am also involved in setting up projects. In addition to my role as business consultant I am committed to steering product development for DesignCOM."*

What are you proud of? *"I am proud of the way we managed to improve DesignCOM last year in terms of flexibility and integratability. One of our clients is providing carpets to the contract market. Providing physical samples to customers requires a lot of time and money in order to make a deal. With our CAD/CAM, including texture simulation technology combined with the presentation facilities through DesignCOM over the internet, we managed to reduce the number of samples and the total lead time of the product development. Using this technology, our customers have been able to increase their customer convenience drastically and reduce costs at the same time."*

Outlook for 2007 *"Again in 2007 we will maintain a very customer-oriented approach. This means we will explore in which part of our customers' business process we can add more value, both in Carpet and in Weave. We will focus more sharply on pre-sales so that we can truly help our customers' customers. We also notice that our clients need more and better information from their CAD/CAM application."*

08:45
A cup of coffee, contemplating the day ahead.

09:15
Morning meeting, discussing a client's proposal.

12:30
Standing in line for lunch: soup, croquettes and sliced bread.

13:14
Next to the office printer, preparing for his next appointment.

14:37
Brainstorming session.

16:00
Checking mail and returning some calls.

18:57
Johan Hazendonk is an excellent juggler. It helps him to refocus and relax.

Vianen the Netherlands

6 Report of the Supervisory Board

We hereby present the financial statements for the financial year 2006, as prepared by the Board of Directors and adopted by the Supervisory Board, as well as all other legally required information concerning Blue Fox Enterprises N.V. The financial statements for 2006 were audited by KPMG Accountants N.V., who issued an unqualified auditor's report, which can be found on page 58. The financial statements, the auditor's report and the management letter were discussed in the presence of the external auditor on 14 March 2007.
At the forthcoming Annual General Meeting of Shareholders we recommend that you approve the financial statements for 2006 in accordance with the documents as presented. Furthermore, we recommend that the Board of Directors is discharged in respect of its management and the Supervisory Board is discharged in respect of its supervision. We propose that you approve the proposal of the Board of Directors not to pay out a dividend.

Composition of the Supervisory Board There have been no changes to the Supervisory Board during 2006. The retirement schedule of the members of the Supervisory Board is presented below.

Mr. Pellenaars and Mr. Pannekoek have both expressed their intention to resign from the Supervisory Board during the Annual General Meeting of Shareholders on 25 May 2007.

A Member of the Supervisory Board will not be available for (re)appointment if that member has already served three consecutive periods of three years on the Supervisory Board of Blue Fox Enterprises N.V.

The Chairman of the Supervisory Board has acted as delegated supervisor since May 2006. Therefore, he does not comply with provision III.2.2 of the Code Tabaksblat. All other members are independent as meant in provision III.2.2 of the Code.

All members of the Supervisory Board fit the profile that has been drawn up by the Supervisory Board, in consultation with the Board of Directors. This profile takes account of the nature and the activities of Blue Fox and the desired expertise and background of the members of the Supervisory Board.
The profile can be found on the website of the company.

Report on the past year The Supervisory Board and the Board of Directors met in private sessions nine times during 2006. In addition, there have been formal telephone conferences and various informal contacts, both between the Supervisory Board and the Board of Directors and between the Members of the Supervisory Board.

During these meetings, much attention was paid to the necessary turnaround of Blue Fox. Other main topics on the agenda of several meetings were the change of management and the profile of the new CEO to be appointed. Among other things, we discussed the market developments and Blue Fox's competitive position, a divestment program, and the strategy and performance of the company. Furthermore, we have discussed Blue Fox's involvement in Microsoft's Industry Builder Initiative on an ongoing basis. Improvement of the corporate governance structure and amendments to the articles of association were also topics of discussion. A more detailed overview of the progress in Corporate Governance can be found in a separate section on page 17 of this annual report.

With regard to the company's strategy, the Supervisory Board had separate sessions with the Board of Directors. After these sessions, updates on the progress made with the implementation of strategic initiatives were discussed in various subsequent Supervisory Board meetings.

The Supervisory Board has discussed the plenary financial reports with the Board of Directors in detail. Subjects discussed during the meetings of the Supervisory Board included the sales and margins developments, operating expenses and development costs, as well as results, balance sheet ratios, budgets and outlook. Further attention was also given to the plans to improve the financial performance of Blue Fox and the execution of those plans.

The Supervisory Board has met three times in the absence of a member of the company's Board of Directors. The company's independent auditor, KPMG Accountants NV, has briefed the Board about the findings of the audit with regard to the financial year 2006.

The Board convened two General Meetings of Shareholders: the plenary Annual General Meeting in May and an Extraordinary General Meeting in August. During the Extraordinary General Meeting in August, we discussed the interim results, implemented changes to the corporate governance structure and appointed Mr. Van Steijn as the new CEO.

Composition of the Supervisory Board

	nationality	appointment	resignation	committee
S.L.M. Houtakkers	Dutch	August 2005	2008	
P.A.M. Pellenaars	Dutch	August 2005	2008	Audit Committee
T. Pannekoek	Dutch	August 2005	2008	
L.P.E.M. van den Boom	Dutch	August 2005	2008	Audit Committee

Selection and nomination Following the resignation by Mr. Eisma in May 2006, the Supervisory Board gave much attention to selecting a successor to the chair of the Board of Directors. The Chairman of the Supervisory Board acted as a delegated member of the Board of Directors. In August 2006, the Supervisory Board proposed to the Extraordinary Annual General Meeting of Shareholders (EGM) the appointment of Mr. Van Steijn as the new CEO. His nomination was accepted. At the end of 2006, Mr. Brolsma resigned. The Board of Directors currently consists of only one member, and the Supervisory Board will carefully consider whether extension of the board fits the current situation of Blue Fox.

Remuneration Mr. Eisma resigned per May 2006 and his employment contract was terminated after 25 years of service in November. Mr. Brolsma resigned from the board as per December 2006 after 16 years of service, and will remain with the company as an advisor until the termination date of his employment contract on 1 July 2007. Both former members of the Board of Directors received a severance payment of approximately two gross fixed annual salaries.

The current sole member of the Board of Directors has an employment contract for an initial period of one year with an option to extend. Details regarding the remuneration can be found on page 56 of this annual report. As in previous years, the detailed remuneration criteria used by the Supervisory Board will not be disclosed, as this may comprise competitive information.

Report from the Audit Committee During 2006 the Audit Committee consisted of Mr. Pellenaars and Mr. Van den Boom. The Audit Committee controls and assesses the financial reporting process of Blue Fox, as well as the expert investigation carried out by the external auditor. The Audit Committee met three times during the past year. In these meetings consultations were held with KPMG and the corporate controller on the production of the financial reports. In addition, the internal financial reports were presented to the Supervisory Board, which were subsequently discussed in great detail with the Board of Directors. In 2006, the Audit Committee devoted special attention to the need for additional impairments.

External auditor KPMG, represented by its partner Mr. Jan Boer, acted as auditor of the company. Its nomination was approved by the Annual General Meeting of Shareholders of May 2006.

In conclusion The Supervisory Board would like to express its gratitude to the management and employees of the company for their efforts and commitment to Blue Fox Enterprises N.V. Despite the difficult times we went through and the changes made to the company this year, we managed to create a better position for the company during the year under review.

Vianen, 4 April 2007

The Supervisory Board
Servaas L.M. Houtakkers, Chairman
Pierre A.M. Pellenaars
Ton Pannekoek
Leon P.E.M. van den Boom

7 Corporate governance

General Blue Fox Enterprises attaches great importance to corporate governance. In recent years, we have discussed in detail the Dutch Code on Corporate Governance, issued on 9 December 2003 (also commonly referred to as the Tabaksblat Code) in the Annual Report. The Board of Directors and the Supervisory Board of Blue Fox endorse the Code. Within the framework of this Code, a company's stakeholders include staff members, shareholders and other providers of capital, financiers, suppliers, customers, as well as governments, social groups and factions. The Board of Directors and the Supervisory Board of Blue Fox are responsible for striking a balance between the interests of these stakeholders, while taking into account the continuity of the company. Therefore, best practice principles with regard to corporate governance are reflected in the management structure and Articles of Association of the company, as far as these are deemed applicable and are in the interest of all stakeholders.

In accordance with the recommendation of the Tabaksblat Committee to 'comply or explain', Blue Fox's corporate governance practice was placed on the agenda of the Annual General Meeting of Shareholders in May 2006, in order to give shareholders the opportunity to voice their opinion on the way the company interprets compliance with the Code. A description of Blue Fox's corporate governance policy, including the relevant regulations and reports, can be found on the website. The policy is reviewed periodically and amended if necessary.

The following changes have been made to the corporate governance structure, as described in the 2005 Annual Report in full:

- The number of members of the Board of Directors was decreased from two to one. The appointment of the new member of the Board of Directors complies with provision II.1.1 (appointment period of a maximum of four years for Members of the Board of Directors). Also, Blue Fox no longer deviates from provisions II.2.1 and II.2.2 (share options for Members of the Board of Directors), as the current member of the Board of Directors holds no share options in the company.
- Blue Fox has dissolved one of its protective measures through the dissolution and discontinuation of the 'Stichting Continuïteit Blue Fox Enterprises'.

Deviations from the Code Blue Fox complies with most of the main recommendations and provisions of the Code. The main deviations from best practice provisions are listed below.

- *provisions II.2.6 and III.7.3: securities held by Members of the Board of Directors and the Supervisory Board* Although Blue Fox is a listed company, it only operates in a small segment of the local market, as a result of which insider knowledge with regard to other Dutch listed companies cannot or hardly occur. The regulations drawn up by Blue Fox cover transactions in or holding of those shares with regard to which the directors concerned could have any specific knowledge.

- *provision II.2.7: maximum remuneration in case of dismissal for Members of the Board of Directors and the Supervisory Board* Regarding to the remuneration in case of dismissal, it had always been Blue Fox' policy to make a severance payment, which is reasonable, based on the contractual situation, social developments and jurisprudence. As long as no amendments are made to the statutory regulations regarding employment conditions of company directors, the Supervisory Board will continue its current policy.

- *provision III.4.3: company secretary* The Supervisory Board believes such organisational and administrative support of its work is (at the moment) unnecessary.

- *provisions III.1.1 and III.5.1: division of tasks by the Supervisory Board and regulation for the audit committee* Due to the size of Blue Fox, these provisions have not been implemented and, consequently, the regulations concerned are not disclosed on the Blue Fox website.

- *provision IV.3.1: advance announcements of Investor Relations Meetings* The Blue Fox Investor Relations policy is aimed at complying with the best practice provisions in the code. However, the cost associated with the usage of the infrastructure required for this are deemed to be disproportionate in view of the size of the company and the limited number of investors that is expected to actually use these facilities.

8 Shareholders' information

General Blue Fox Enterprises N.V. shares have been listed on the official market of Euronext Amsterdam N.V. since 21 May 1999. The par value of the shares is € 2 per share. The number of ordinary Blue Fox shares outstanding at 31 December 2006 totalled 3,512,120. No shares were issued in 2006, nor were any stock options exercised by staff members. As far as Blue Fox can ascertain, most of the shares are held by Dutch institutional and private investors.

Pursuant to the 'Wet Melding Zeggenschap' (WMZ, the Act on Disclosure of Major Holdings in Listed Companies), an interest of 5% or more in the capital of Dutch listed companies must be reported to the company involved. In addition, the passing of certain boundaries of percentage ranges in share holdings must be reported. The following table is a review of the interests as of 31 December 2006.

Shareholders

	interest in %
Todlin N.V.	15.2
Vereniging Friesland Bank	10.4
F.L.H. van Delft (through Bibiana Beheer B.V.)	7.1
Generali Holding Vienna AG	6.3
J.H. de Groen	6.3
Driessen Beleggingen B.V.	6.2
Beleggingsmij West-End B.V.	5.0

key figures per share [1]

in euros	2006	2005
Net result	-1.87	-0.42
Shareholders' equity	0.92	2.79
Highest share price	5.12	6.12
Lowest share price	2.33	3.80
Closing price	2.83	4.78
P/E ratio as at 31 December	-1.51	-11.38
Market capitalisation as at 31 December	9,939,300	16,787,934
Number of transactions	4,073	2,532
Average trading volume per day	9,041	5,290

[1] Based on average number of outstanding shares.

Staff options The table on the next page presents an overview of granted option rights and outstanding options at year-end 2006, including options granted to Members of the Board of Directors and the Supervisory Board. The options were issued to staff members with permanent contracts, up to a maximum of 2% of the number of shares outstanding. As of 2003, members of the Supervisory Board of Blue Fox no longer receive stock options. For 2005 and 2006, the Board of Directors and Supervisory Board decided not to grant any options to employees. In chapter 10, the notes to the 2006 company financial statements state the numbers of outstanding stock options of the Members of the Board of Directors and the Supervisory Board.

Dividend policy In view of Blue Fox's situation in 2006, the company has paid no dividends in the past year. A healthy balance between the company's capital and borrowings, in relation to the assets that can be financed within the company, is of great importance in this respect. Given the current solvency and financing structure, for the time being it will be prudent for the company not to pay out a dividend.

Paying a dividend is at odds with the company's current ambitions. In addition, the company will have to repay remaining subordinate loans in 2007. At year-end 2006, these loans contributed € 2.1 million to the guaranteed capital. The dividend policy will be reassessed when the company is able to pay a dividend.

Prevention of insider trading Blue Fox has drawn up Insider Trading Regulations in accordance with the model of the VEUO ('*Vereniging van Effecten Uitgevende Organisaties*', the association of share issuing organisations), which has been approved by the Authority Financial Markets (AFM).

Blue Fox has made a large group of staff members and advisors sign the Insider Trading Regulations. The Insider Trading Regulations of Blue Fox include a ban on trading in Blue Fox shares during an eight-week period prior to the first publication of full-year results and a three-week period prior to the publication of half-year results. There is also a ban on reversing a transaction within six months, in order to reduce or eliminate the risk. An exemption in writing from this ban can be given by the Compliance Officer. No exemptions were given during the year 2006.

'Stichting Continuïteit Blue Fox Enterprises'
In December 2006, the board of the foundation (consisting of three members: Mr. C.J.J. van Steijn, Mr. D.R. Hooft Graafland and Mr. S.J.B. van der Burg) undertook to dissolve and discontinue the 'Stichting Continuïteit Blue Fox Enterprises'.

The aim of 'Stichting Continuïteit Blue Fox Enterprises' was to guard the interests of the company and its associated companies in such a way that the interests of the company and its associated companies were guaranteed and that influences were resisted which could affect the independence and/or the continuity and/or the identity of the company and these associated companies, contrary to those interests. The possibility of placing preference shares in the capital of the company with the 'Stichting Continuïteit Blue Fox Enterprises' was a protective measure against hostile takeovers. The Board decided to put an end to this anti-takeover measure. This dissolution is another improvement in the corporate governance of the company.

Staff options

	date granted	term	issued options	outstanding options	exercised / cancelled	exercise price (€)
	May 2002	2007	42,010	24,450	17,560	9.65
	May 2003	2008	33,980	21,590	12,390	5.80
	May 2004	2009	27,400	18,580	8,820	6.34
	Total		**103,390**	**64,620**	**38,770**	

Investor Relations Blue Fox greatly values a good relationship with its shareholders. In the interest of fair disclosure, all new material information is disclosed through the timely and simultaneous distribution of press releases on relevant issues concerning Blue Fox to all parties involved. In addition to the financial results, the company will also furnish broad information on its strategic choices and objectives. Blue Fox observes a 'silent' period during which no road shows or interviews with potential or current investors take place. For the annual figures, this period covers the eight-week period prior to the first publication of full-year results and a three-week period prior to the publication of half-year results. Relevant information for potential and current shareholders may be found on the Blue Fox website under the link 'Investor Relations'. Direct questions of investors may be directed by e-mail to info@bluefox.nl.

The Amsterdams Effecten Kantoor (AEK) acts as liquidity provider for Blue Fox shares. The liquidity provider publishes research reports about the company at least twice a year.
Contact details:
Amsterdams Effecten Kantoor (AEK),
Herengracht 208-214, 1016 BS Amsterdam
Telephone: + 31 (0)20 530 63 00

Important dates

25 May 2007
Annual General Meeting of Shareholders 2007

3 September 2007 */**
Presentation first-half results 2007

17 March 2008 */**
Presentation full-year results 2007

23 May 2008 **
Annual General Meeting of Shareholders 2008

1 September 2008 */**
Presentation first-half results 2008

* before trading hours
** provisional

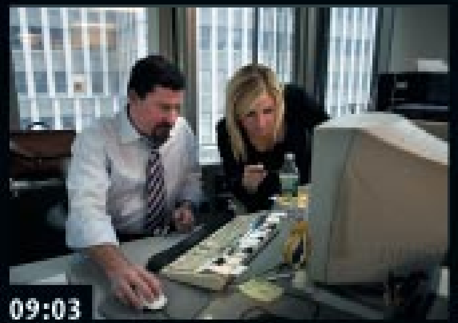
"We have the most mature and easiest to use high quality software to make beautiful design products that will sell."

What is your job at Blue Fox? *"I have two roles in the company, first I have a commercial sales role, with my own personal target to achieve every year with revenue coming from the sale of software and services. Secondly, I manage a team of account executives who are also selling software and services and look after existing clients. Collectively and as a team, we are responsible for generating the revenue expected for our business unit."*

name Geoff Taylor
position Vice President of Sales
division Textile and Apparel

What are you proud of? *"The sales team is most proud of all of the new customers that were added to our client base in 2006. There were 48 new CAD clients and many of the additions were well-known industry players. This is not only due to the stability of the management but also to a hard working and dedicated sales team. The team atmosphere is truly representative of the way we work. We take a lot of pride in the long-term relationship we have built over the years with our customers. We provide a platform to all our customers so we can assess the needs of our customers at any time."*

Outlook for 2007 *"The outlook is very encouraging. We have practically achieved our goal to be a 'no brainer' for our clients in textile, home furnishing and apparel. Our target-achieving result of 2006 has allowed us to dramatically increase the number of coders that are working on the software. Product enhancement and modernisation continues to follow the demands of our client base and we are very well positioned versus our competition with a very stable and experienced platform. Furthermore, we will continue to shift our focus from manufactures to designers in the way we sell. While manufacturing is increasingly off-shored to Asia, we still have very important centres of design, both here in New York and in California."*



09:03
Geoff Taylor exchanging views with a colleague.

10:48
Looking at a print-out of a new pattern.

10:58
What do you think? Geoff Taylor reviews the patterns that are on display.

12:15
It's freezing cold in New York City. Fortunately it is a short walk to the restaurant.

12:30
Geoff Taylor and his colleagues are discussing business over a hearty Manhattan lunch.

18:10
In the subway train at the end of the work day.

New York USA

9 Risk & Control

Entrepreneurship involves risks. Blue Fox operates in a highly dynamic and international environment. As a consequence, managing and controlling risks requires that specific characteristics have to be taken into account. The following section identifies the main risks which could affect achievement of the business objectives of Blue Fox.

Market risks *Competitive position* The company aims for a top three position in all CAD/CAM/ERP segments in which it operates. In view of this ambition, the ability of Blue Fox to distinguish itself from its competitors in the market is of great importance. That is why Blue Fox focuses on professional markets and on providing its customers with integrated software solutions. Reliability, improving productivity, sustainability, user friendliness and a low cost of ownership are important elements in this strategy.

Blue Fox is the only company that offers fully integrated software solutions for the textile and fashion industry on a global scale. As a global player, Blue Fox is forced to comply with the global needs and requirements of its customers, which could result in investments and start-up costs to open new locations worldwide.

Exposure to economic developments A large part of Blue Fox sales relate to income from selling software licenses, as well as providing related services such as maintenance, support and training related to the company's proprietary software solutions. Sales of software licenses and related consultancy services are mostly non-recurring. On the other hand, the income from maintenance and support contracts is mainly recurring business. The non-recurring income is in particular strongly exposed to fluctuations in the economic conditions, while this applies to a much smaller extent to recurring income.

Software development Software development is a very important critical success factor for Blue Fox. The innovation-focused policy comes with specific risks which are inherent in investing in the development of new technologies and new functionalities. These new developments must not only meet operating requirements, but will also have to find a place in the market to result in value creation. Software development demands specific and continuous attention to result in successful new product launches.

Seasonal influences Historical data indicate that sales are typically not spread evenly throughout the year. Blue Fox realises an important part of its sales and profit in the fourth quarter. If sales in the fourth quarter do not rise to a level that is significantly higher than the preceding quarters, this will have a relatively strong negative impact on the full-year results of Blue Fox.

Spread of sales Blue Fox has an extensive worldwide client base. As a result of the spread of sales and the related results, the company's overall results depend only to a small extent on the realisation of (some) major orders. Blue Fox usually records only a limited number of very large orders per year, which large orders mainly relate to sales of ERP software solutions. These relatively large orders have a direct impact on the realised sales and the result.

The geographical spread of the sales of Blue Fox contributes to the stability of the total income flow.

Operational risks *Illegal copying of software* Safeguarding the authorised use of software solutions is of great importance to Blue Fox. In practice there is always some danger that the software developed or distributed by Blue Fox is copied illegally. With the help of an authorisation code and a hardware key-lock, Blue Fox has limited the risk as much as possible. Blue Fox cannot estimate the loss of sales by unauthorised use and illegal copying of the software developed by Blue Fox or distributed by Blue Fox for third parties.

Economies of scale Blue Fox is an international organisation with an extensive worldwide network of sales and distribution offices. Blue Fox has specialised internationally in supplying the textile and fashion industry with software solutions in the field of automation of design, production and resource planning. The textile and fashion industry represents a relatively small niche market within the greater market for ICT products and services. The international structure of Blue Fox, whereby the company aims to provide the best possible service to its (local) customers, is sometimes at odds with the actual size of the various sales and distribution offices. The international operations are generally complex and demand much attention from the management. International sales and distribution organisations have a relatively high cost structure, due to the limited possibilities that exist for exploiting economies of scale on a global basis.

Third-party software For a number of products, Blue Fox depends on third-party support software. This support software consists, amongst other things, of operating systems and specific programming languages, as well as separate modules which are being used. The adequate functioning of the software developed by Blue Fox therefore (partly) depends on the adequate functioning of third-party software. By applying application and module tests, Blue Fox aims to obtain the earliest indication of possible technological problems.

Technological risks *Risk of product defects* New versions of Blue Fox's complex software programs may contain undetected errors or bugs which, despite testing, will be discovered only after a product has been installed and used by customers. To date, Blue Fox's business has not been materially adversely affected by the release of new products and releases.

Software platform The programming languages, techniques and platforms used by Blue Fox have to match and must continue to match the technological developments and requirements of its clients. Blue Fox has made significant investments in recent years in making its software compatible with Microsoft operating environments. Blue Fox must continue to invest to keep up with the latest technological developments.

Financial risks *International operations* The activities of Blue Fox are exposed to the risks of operating internationally, such as currency fluctuations, general economic developments in certain countries, meeting the requirements of various tax and legal regimes, organisational aspects, unexpected changes in local legislation and regulations, limited protection of intellectual property, varying terms of payment by debtors, trade restrictions and changes in import and cargo rates.

Blue Fox carries out part of its activities outside the Euro zone. These activities mainly take place in the United States and the Asia/Pacific region. The management monitors the currency positions and follows a restricted hedging policy, which cover transaction risks, rather than translation risks. The developments in exchange rates of various foreign currencies, especially the US dollar, may therefore affect the result and the financial position of the company.

Working capital management The item trade debtors is relatively large in size compared to the other current assets of Blue Fox. Blue Fox gives much attention to debtors' payment performance through permanent debtor management. Insolvency of debtors of the Dutch operating companies is partially covered by a credit insurance policy from Atradius Credit Insurance N.V., as well as through the use of letters of credit or down payments upon the signing of contracts.

Risk management and internal control The Board of Directors is responsible for the internal control and the management of risks within the company and for the assessment of the effectiveness of these control systems. Such control systems were set up to identify and subsequently manage risks, which could endanger the realisation of the objectives of the company. It should be noted that no single (control) system offers an absolute guarantee against material inaccuracies or losses.

Blue Fox aims to ensure that its risk management activities are in line with the best practices laid down in the Code Tabaksblat (the Dutch Corporate Governance Code). The risk management model developed by Blue Fox is intended to present a practical framework to support the objectives and the assessment of risks and anticipated rewards as identified by the company. The model distinguishes three areas which are subject to particular attention for analysis purposes, these being:

- external factors (i.e. the company's operating environment on both a macroeconomic and industry level) with the consequential strategic risks;
- organisational structure with the consequential internal risks;
- primary and supporting processes with the consequential process and reporting risks.

The main aspects of the formulated risk management model are:

- clearly defined responsibilities regarding risk management;
- operational management, together with the various members of the local management teams, assess main risks affecting the company concerned and review these main risks;
- continuous assessment of the quality and effectiveness of the internal controls;
- the Board of Directors monitors the major risks of the group and sees to it that adequate control measures are taken;
- internal assessment is made of the performance of all Managing Directors of the operating companies and members of the local management teams with regard to, among other things, their responsibilities, the quality and effectiveness of the internal controls and the process of financial reporting.

The policy of Blue Fox remains aimed at the continuous guarding and improvement of the internal risk management processes, in order to further optimise the quality and effectiveness of these processes and their safeguarding, and adapt these where necessary.

System of internal controls The internal control system contains all elements of internal control and contributes to discipline and structure. The following control measures form part of the internal control system of Blue Fox and serve to secure reliable financial and reporting processes, while also securing an adequate risk management.

Planning & control cycle The planning & control cycle starts with drawing up a budget for each operating company. The main control variable for Blue Fox is the net result before taxation, the Earnings Before Tax (EBT). The Managing Directors of the operating companies have a certain level of autonomy with regard to achieving the budgeted EBT within the agreed framework. Other important control variables are net sales, gross margin and operating result. In addition, Blue Fox controls and manages its operating companies on the basis of a number of company-specific key figures, which may vary per operating company. The operating companies report monthly in accordance with a fixed reporting format. Meetings of the Board of Directors with the Managing Directors of the operating companies are held on a monthly basis. These monthly meetings are used in particular to discuss the operating developments and the required subsequent adjustments to the budgets, in addition to the financial developments.

Blue Fox Accounting & Reporting Manual The Blue Fox Accounting & Reporting Manual contains guidelines regarding the accounting principles that have to be adhered to, as well as instructions regarding the filling out of the reporting forms to be used within the Blue Fox organisation.

Audit Committee The Audit Committee consists of two Members of the Supervisory Board and guarantees an independent supervision of the process of risk management from the supervisory responsibility of the Supervisory Board. The Audit Committee concentrates on the quality of the internal and external reporting, on the effectiveness of the internal control measures and on the functioning of the external and internal auditors.

Internal financial and operational audits In connection with the monitoring and safeguarding mechanisms, internal audits are planned and conducted each year, aimed at securing the quality of the main operating processes and reviewing connected business risks. These internal audits cover the financial reporting (financial audits) and the existence and functioning of operating policies and procedures (operational audits). Due to changes in the organisation, the internal audits conducted in 2006 were limited.

Protection of intellectual property rights Blue Fox tries to protect its intellectual property rights as far as the company believes this to be economically viable. Protection of intellectual property is done through the registration of trademarks, by using confidentiality agreements and non-competition clauses in agreements and by using hardware key-locks and/or embedded software codes in Blue Fox's software to protect it against illegal use.

Directors' regulations All Statutory Directors of the operating companies have signed a copy of the Directors' regulations. These regulations with regard to their limits of authority identify in which cases the board of the operating company require prior approval from the Board of Directors for certain decisions, depending - amongst other things - on the nature or the size of certain business.

Code of conduct and whistleblower procedure In compliance with the Dutch Code on Corporate Governance, a code of conduct and a whistleblower procedure were implemented in 2005. The procedure serves to ensure that any alleged infringement of the existing policies and procedures may be reported without the person making the report suffering any negative consequences of his action.

10 Financial statements 2006

Consolidated income statement for 2006

in thousands of euros	notes	2006	2005
Net sales		49,120	52,440
Other operating income	[2]	318	168
Total operating income	[1]	**49,438**	**52,608**
Raw materials and consumables used		22,199	24,685
Changes in inventories		439	-708
Wages and salaries	[3]	17,914	16,308
Social security charges	[3]	2,766	2,702
Amortisation and depreciation	[6,7]	5,605	4,370
Other operating costs	[4]	11,018	9,731
Capitalised production	[7]	-3,668	-2,980
Total operating costs		**56,273**	**54,108**
Operating result		**-6,835**	**-1,500**
Financial income		55	61
Financial expenses		-446	-395
Result from sale of subsidiaries		119	-
Result before taxation		-7,107	-1,834
Corporate income tax	[5]	533	356
Result for the period		**-6,574**	**-1,478**
Attributable to:			
Equity holders of the parent company		-6,560	-1,482
Minority interest		-14	4
		-6,574	**-1,478**
Basic earnings per share (in euros)		**-1.87**	**-0.42**

Consolidated statement of recognised income and expense

for the year ended 31 December 2006

in thousands of euros	notes	2006	2005
Foreign exchange translation differences	[15]	-20	9
Net income recognised directly in equity		-20	9
Result for the period	[15]	**-6,574**	**-1,478**
Total recognised income and expense for the period		**-6,594**	**-1,469**
Attributable to:			
Equity holders of the parent company		-6,580	-1,479
Minority interest		-14	10
		-6,594	**-1,469**

Consolidated balance sheet as at 31 December 2006

before appropriation of result

in thousands of euros	notes	31-12-2006	31-12-2005
Non-current assets			
Property, plant and equipment	[6]	573	2,848
Intangible assets	[7]	14,370	15,190
Other investments	[8]	90	490
Deferred tax assets	[9]	-	305
Total fixed assets		15,033	18,833
Current assets			
Inventories	[10]	704	943
Work in progress	[11]	96	296
Trade and other receivables	[12]	8,294	6,567
Corporate income tax		26	68
Cash and cash equivalents	[13]	3,156	1,674
Assets held for sale	[14]	2,883	-
Total current assets		15,159	9,548
Total assets		**30,192**	**28,381**
Equity			
Share capital		7,024	7,024
Share premium		22,128	22,128
Legal reserves		8,060	8,678
Translation reserves		-52	-32
Accumulated deficit		-27,380	-26,516
Current year's result		-6,560	-1,482
Total equity attributable to equity holders of the parent		**3,220**	**9,800**
Minority interest		48	62
Total equity	[15]	**3,268**	**9,862**
Non-current liabilities			
Interest-bearing loans and borrowings	[16]	1,000	1,130
Employee benefits	[17]	756	710
Deferred tax liabilities	[9]	-	1,011
Total non-current liabilities		**1,756**	**2,851**
Current liabilities			
Bank overdraft	[19]	6,992	4,745
Interest-bearing loans and borrowings	[15]	3,075	1,465
Provisions	[18]	1,326	265
Trade and other payables	[20]	12,173	9,193
Liabilities related to assets classified as held for sale	[14]	1,602	-
Total current liabilities		**25,168**	**15,668**
Total liabilities		**26,924**	**18,519**
Total equity and liabilities		**30,192**	**28,381**

Consolidated statement of cash flows for 2006

in thousands of euros	notes	2006	2005
Operating result		-6,835	-1,500
Depreciation and amortisation		5,605	4,370
Change in inventories and work in progress		439	-708
Change in trade and other receivables		-2,330	1,332
Change in trade and other payables		4,126	1,382
Changes in provisions/employee benefits		1,107	329
Interest paid		-379	-341
Corporate income tax		-131	523
Cash flow from operating activities	[21]	**1,602**	**5,387**
Investments:			
Intangible assets		-3,668	-2,980
Property, plant and equipment		-569	-429
Other investments		-	-120
Disposals:			
Property, plant and equipment		17	3
Other investments		400	50
Sale of participations (including cash and cash equivalents)		209	-
Exchange rate differences		-7	-1
Cash flow from investment activities	[22]	**-3,618**	**-3,477**
Granted loans		2,010	-
Redemption loans		-625	-660
Cash flow from financing activities	[23]	**1,385**	**-660**
Change in liquid assets		**-631**	**1,250**
Cash and cash equivalents		1,674	6,459
Bank overdraft		-4,745	-10,780
Balance at 1 January		**-3,071**	**-4,321**
Cash and cash equivalents		3,156	1,674
Bank overdraft		-6,992	-4,745
Balance related to assets held for sale		134	-
Balance at 31 December		-3,702	-3,071
Change in liquid assets		**-631**	**1,250**

Notes to the consolidated financial statements 2006

General information

The company The company was incorporated on 10 May 1999. Founders were the shareholders of Blue Fox Enterprises B.V., who brought in the share capital of Blue Fox Enterprises B.V. Blue Fox Enterprises N.V. is a holding company, which mostly holds 100% participations in a number of companies. Blue Fox is a global provider of integrated specialised design, production and planning software for the textile and apparel industry. Furthermore, Blue Fox is a distributor of design software for engineering applications and a producer of geographic information systems software in the Benelux.

Share issues The shares of Blue Fox Enterprises N.V. have been listed on the Official Market of Euronext Amsterdam N.V. since 21 May 1999. As at 31 December 2006, the number of outstanding Blue Fox Enterprises N.V. shares was 3,512,120 (2005: 3,512,120). No share issues took place in 2006.

Changes in group companies 2006 In October 2006, the company signed an agreement for the sale of Reset C&T B.V., a supplier of internet recruiting- and training services. The sale of Reset C&T B.V. fits in the strategy to focus on CAD/CAM/ERP activities. The sale took effect from 1 July 2006. The results of Reset C&T B.V. have been excluded from the consolidated result of the group as from 1 July 2006.

Changes in group companies in 2005 Blue Fox has finalised liquidation proceedings for a number of participations, which had no more (profitable) activities, to further streamline the organisation in the future as well as making it more transparent.

Going concern In October 2006, € 4.6 million of additional funding was obtained in the form of a credit facility to bridge the period of the planned turnaround. The term of the facility was recently extended from April 2007 until June 2007, and the bank loans have been significantly reduced in the mean time. In mid-2007, Blue Fox must redeem € 3.1 million in other borrowings.

The far reaching turnaround, the debt reduction and the extensive investment that Blue Fox will make in the new generation of CAD/CAM software and the ERP software under the Microsoft brand in the course of 2007 cannot be financed from the operational cash flow. Therefore, Blue Fox has started to sell off several of its operating companies.

With the proceeds generated by the sale of Carrier to Carrier (as announced on 1 March 2007), Blue Fox was able to substantially reduce the need for credit. The sale of the CAD/GIS activities, for which a letter of intent was recently signed, will also further reduce the credit requirement upon completion.

Nevertheless, based on the above mentioned facts, material uncertainties currently exist with respect to the going concern assumption. Despite these uncertainties, the Board of Directors believes that the implemented strategic reorientation, with the support of the banks, can be concluded successfully. Therefore, the financial statements are prepared on a going concern basis.

Summary of accounting policies

Notes to the financial statements: IFRS Accounting principles Blue Fox Enterprises N.V. is a company domiciled in Dordrecht, the Netherlands. The consolidated financial statements of the company for the year ended 31 December 2006 comprise the company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities.

Statement of compliance The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis of preparation The financial statements are presented in Euro's, which is the company's functional currency, rounded to the nearest thousand. They are prepared on the historical cost basis, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods and by all Group entities presented in these consolidated financial statements.

Judgements made by management in the application of IFRS's that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to the financial statements. In particular, information about significant areas of estimation, uncertainty and critical judgements regarding the application of the accounting principles that have the most significant impact on the amounts recognised in the financial statements are described in note 7 - determination of the recoverable amount of cash generating units, and note 9 - deferred tax assets and liabilities.

Basis of consolidation *Subsidiaries* Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidation (fully) includes Blue Fox Enterprises N.V. and the following group companies:

		2006	2005
Blue Fox Enterprises B.V.	the Netherlands (Dordrecht)	100%	100%
Blue Fox IPR B.V.	the Netherlands (Dordrecht)	100%	100%
Blue Fox MDP B.V.	the Netherlands (Dordrecht)	100%	-
TOPCAD B.V.	the Netherlands (Dordrecht)	100%	100%
Reset C&T B.V.	the Netherlands (Dordrecht)	-	100%
Pollux B.V.	the Netherlands (Apeldoorn)	100%	100%
Carrier to Carrier Telecom N.V. [1]	the Netherlands (Biddinghuizen)	100%	100%
NedGraphics CAD/GIS B.V.	the Netherlands (Vianen)	100%	100%
BLUE FOX NedGraphics B.V.	the Netherlands (Vianen)	100%	100%
BLUE FOX NedGraphics BvBa	Belgium (Deerlijk)	100%	100%
BLUE FOX NedGraphics of Tennessee Inc.	USA (Chattanooga)	100%	100%
BLUE FOX NedGraphics Ltd.	UK (Dukinfield)	100%	100%
BLUE FOX NedGraphics SA	France (Paris)	100%	100%
BLUE FOX NedGraphics Inc.	USA (New York)	100%	100%
BLUE FOX Srl	Romania (Bucharest)	100%	100%
BLUE FOX Porini Srl	Italy (Lomazzo)	100%	100%
BLUE FOX Porini Inc.	USA (Los Angeles)	100%	100%
BLUE FOX Porini Ltda	Brazil (Sao Paulo)	51%	51%
BLUE FOX Porini Lda	Portugal (Matosinhos)	51%	51%

[1] The assets and liabilities of Carrier to Carrier Telecom N.V. are classified as assets held for sale in the balance sheet at 31 December 2006.

Transactions eliminated on consolidation Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Foreign currency *Foreign currency transactions* Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

Net investment in foreign operations Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to translation reserve. They are released into the income statement upon disposal.

In respect of all foreign operations, any differences that have arisen from 1 January 2004, the date of transition to IFRS, are presented in the translation reserve, a separate component of equity.

Property, plant and equipment *Owned assets* Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets Leased assets terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses. The property held under finance leases and leased out under operating lease is classified as investment property and stated at the fair value model. Lease payments are accounted for as described in accounting policy. Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis.

Subsequent costs The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:
- equipment and installations 5 - 10 years
- refurbishing 5 - 8 years
- computers and programmes 3 years
- other assets 3 years

The residual value, if not insignificant, is reassessed annually.

Intangible assets *Goodwill* All business combinations are accounted for by applying the purchase accounting method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 January 2004 has not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

Research and development Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as expenses are incurred.

Expenditure on software development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised software development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses.

Other intangible assets Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as expenses are incurred.

Subsequent expenditure Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:
- patents and trademarks 5 years
- capitalised software development costs 5 - 10 years

Work in progress Work in progress is stated at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

The terms billed relating to work in progress are deducted from work in progress. Any possibly resulting negative balance of work in progress is shown as a liability under short term debts.

Trade and other receivables Trade and other receivables are initially stated at fair value. Subsequently, trade and other receivables are valued at amortised cost less impairment losses.

Inventories Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cash and cash equivalents Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date, or when there is an indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.
An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Share capital *Repurchase of share capital* When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

Convertible notes Convertible notes that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The equity component of the convertible notes is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option.
The interest expense recognised in the income statement is calculated using the effective interest rate method.

Interest-bearing borrowings Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Employee benefits *Defined contribution plans* Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Share-based payment transactions Share Appreciation Rights are granted to staff members and management. The fair value of the amount payable to the employee is recognised as an expense. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the Share Appreciation Rights is measured based on the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as a finance cost.

Provisions A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Restructuring A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Onerous contracts A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Trade and other payables Trade and other payables are stated at amortised cost. The initial recognition is at fair value less attributable transaction costs.

Revenue Net sales include the income from sales and supply of goods and services less discounts, agents' commissions, bonuses and sales taxes. Profit on work in progress is taken pro rata to the progress of the project ('percentage of completion method'). The performance achieved during the year under review, in this case the costs of supplied raw materials, directly and indirectly attributable wage and overhead costs as well as a mark-up for profit pro rata to the progress of the project are stated as sales.

A large part of sales concerns income from the selling of software licences, as well as providing related services such as supplying maintenance, support and training with regard to in-house developed software. In addition, income is generated by performing and supervising software and hardware implementations as well as tailoring in-house developed software to specific customers' needs.

Software arrangements range from those that provide a license for a single software product ('standard software') to those that, in addition to the delivery of software or a software system, require a significant production, modification, or customization of the software.
If an arrangement to deliver software or a software system, either alone or together with other products or services, requires significant production, modification, or customization of the software, the entire arrangement has to be accounted for in conformity with contract-accounting (for construction contracts).

Sale of software License fee revenue from standard software is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the software.

The license fee income from standard software is recognised when all of the following conditions are met:
- the software licence contract has been signed;
- the software and accompanying documentation have been delivered;
- there are no material uncertainties regarding customer acceptation; and
- there are no material uncertainties regarding payment of the account receivable.

Software services If an arrangement to deliver software or a software system, requires significant production, modification, or customization of the software, revenue should be recognized using the 'percentage of completion'-method. The actual delivery of the non-standard software is therefore not regarded as the realisation moment for software that requires significant production, modification or customization. Revenue related to the delivery of non-standard software is accounted for pro rata the progress of the project, which comprises the complete installation, modification and customizing of the software in the client's environment.

IFRS further prescribes that when the outcome of a project can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contact. The stage of completion is assessed by reference to surveys of work performed. If such estimates can not be made reliably or surveys regarding the work performed are not available, all contract revenue is deferred and is accounted for on the basis of completed contract.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the software. An expected loss on a contract is immediately recognised in the income statement.

Maintenance and Support revenue The services with regard to performing maintenance and support are contractually agreed with customers. The maintenance and support agreements contain the records of support received over the telephone by a helpdesk and of obtained patches as well as obtained new versions ('updates') of licensed software.

The income from the maintenance and support contracts is recognised over and attributed to the period to which the income relates. This period will generally be a 12-month period. Unrealised income, consisting of the unrealised and therefore deferred part of the income from these maintenance and support contracts, is stated under short-term debts.

Goods sold and services rendered Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods also continuing management involvement with the goods.

Capitalised production for own company The income from capitalised production for own company relates to the capitalisation of software development costs with regard to in-house developed software and is accounted for in operating costs.

Expenses *Operating lease payments* Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and expenses Finance income comprises interest income on funds invested, dividend income gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions, dividend on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Income tax Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: taxable temporarily differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Minority interests Minority interests are valued at the third party interest in the net asset value, determined in accordance with the accounting principles of the Group.

Segment reporting A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Non-current assets held for sale and discontinued operations Assets are classified as assets held for sale and stated at the lower of the carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

New standards and interpretations not yet adopted A number of new standards, amendments to standards and interpretations were not yet effective in 2006 and have not, therefore, been applied to these consolidated financial statements.

IFRS 7 *Financial statements: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures* require extensive disclosures about the significance of financial instruments for entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to Group's financial instruments and share capital.

IFRS 8 *Operating segments* concerns segments reporting and replaces IAS 14. As a consequence of this standard the identification of segments will change. Conditional to its adoption by the EU, this standard will become obligatory in 2009.

IFRIC 8 *Scope of IFRS 2 Share-based Payment* addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Group's 2007 financial statements, with retrospective applications required. IFRIC 8 is not expected to have any effect on the consolidated financial statements.

IFRIC 9 *Reassessment of Embedded Derivatives* requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any impact on de the consolidated financial statements.

IFRIC 10 *Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Group's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e. 1 January 2004 and 1 January 2005 respectively). The adoption if IFRIC 10 has no effect on impairments that have been recognised during an interim period and have been reversed before 31 December 2006.

IFRIC 11 *Group and Treasure Share Transactions* Conditional to its adoption by the EU, this interpretations will become effective in 2007. This interpretation is not expected to have any effect on the 2007 financial statements.

IFRIC 12 *Service Concession Arrangements* deals with the manner in which such arrangements should be recognised in the financial statements. Conditional to its adoption by the EU, this interpretation will become effective in 2008. IFRIC 12 is not expected to have any effect on the consolidated financial statements.

Notes to the consolidated financial statements 2006

1 Segment reporting Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments The Group comprises the following main business segments:

- Textile and Apparel Software Division
- Engineering and Geographical Information Software Division
- Other

Geographical segments In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Business segment reporting

in thousands of euros	Textile and Apparel Software division		Engineering and Geographical Information Software division		Others		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue from external customers										
Software sales	5,730	6,762	20,995	21,812	-	-	-	-	26,725	28,574
Services	11,249	12,291	6,301	6,552	4,845	5,023	-	-	22,395	23,866
Total revenue from external customers	16,979	19,053	27,296	28,364	4,845	5,023	-	-	49,120	52,440
Inter segment revenue	138	207	128	34	-	-	-266	-241	-	-
Total Revenue	17,117	19,260	27,424	28,398	4,845	5,023	-266	-241	49,120	52,440
Operating result	-2,866	24	1,221	1,373	-5,190	-2,897	-	-	-6,835	-1,500
Segment assets	16,822	20,797	10,424	11,462	13,058	3,825	-10,112	-7,703	30,192	28,381
Segment Liabilities	11,255	7,538	7,234	6,250	17,591	10,118	-9,156	-5,387	26,924	18,519
Capital expenditure	3,123	2,138	853	1,165	261	103	-	-	4,237	3,406
Amortisation and depreciation	2,468	2,253	1,362	1,223	884	894	-	-	4,714	4,370
Impairment losses	-	-	891	-	-	-	-	-	891	-

Geographical segment reporting

in thousands of euros	the Netherlands		Europa (other)		North and South America		Africa		Asia/Pacific		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Total revenue from external customers	23,404	24,685	10,620	11,610	11,109	11,693	1,346	1,898	2,641	2,554	-	-	49,120	52,440
Segment assets	29,170	25,871	6,666	7,687	4,729	4,880	-	-	-	-	-10,373	-10,057	30,192	28,381
Capital expenditure	2,573	2,453	1,620	905	44	48	-	-	-	-	-	-	4,237	3,406

Notes to the consolidated income statement

2 Other operating income Other operating income mainly relates to received compensation for marketing activities.

3 Wages and salaries and social security charges

in thousands of euros	2006	2005
Wages and salaries	17,914	16,308
Social security charges	2,137	2,041
Contribution to defined contributionplans	583	597
Increase in liability for defined benefitplans	39	66
Increase in liability for long service benefits	7	-2
Total wages and salaries and social security charges	**20,680**	**19,010**

Staff During 2006, the group had an average of 331 staff members (2005: 351). This staff can be divided as follows over the various divisions:

Staff over the various divisions

in average FTE	2006	2005
Management and staff holding company	13	11
Textile and Apparel Software division	208	217
Engineering and Geographic Information Software division	95	110
Other activities	15	13
Total number of staff members	**331**	**351**

4 Other operating costs The other operating costs can be specified as follows:

in thousands of euros	2006	2005
Sales costs	1,954	2,148
Housing costs	1,781	1,762
Car costs	1,088	1,010
Other staff costs	1,149	1,192
General costs	4,861	3,817
Currency and exchange rate differences	185	-198
Total other operating costs	**11,018**	**9,731**

5 Corporate income tax The activities of the Blue Fox group are subject to corporate income taxes of various countries, with tax rates between 4.25% and 40%. We should note that in the case of a relatively low nominal tax rate, not all the costs incurred are tax deductible. The various tax rates and the presence of unrealised tax loss carry forwards are the cause of a deviation of the actual weighted tax pressure and the nominal tax rate in the Netherlands (29.6%). For the fiscal unit for corporate income tax with respect to the Dutch entities all years up until 2004 have been filed. All filings up until 2003 have been accepted.

The reconciliation of the nominal and the effective tax pressure is as follows:

Corporate income tax

in thousands of euros	2006	%	2005	%
Result from ordinary activities before taxation	-7,107		-1,834	
Result sale of participations	-119		-	
Taxable income	**-7,226**		**-1,834**	
Weigthed average taxation	-2,159	30%	-550	30%
Valuation adjustment fiscal losses carry forward	1,001		-	
Non deductible items	625		194	
Tax for the year	**-533**		**-356**	
Current year tax	173		-73	
Deferred tax	-706		-283	
Total tax for the year	**-533**		**-356**	

Deferred tax assets have been recognised in the annual accounts, as far as they can be reasonably expected to be realised within the foreseeable future.

Notes to the consolidated balance sheet

6 Property, plant and equipment 2006 Movements were as follows:

in thousands of euros	machines and installations	other assets	total 2006	total 2005
Costs 1 January	6,008	5,962	11,970	11,544
Accumulated depreciation 1 January	-3,922	-5,200	-9,122	-7,892
Book value as at 1 January	**2,086**	**762**	**2,848**	**3,652**
Changes:				
Investments	244	325	569	429
Disposals	-10	-9	-19	-3
Depreciation	-630	-487	-1,117	-1,260
Currency influences	-	-18	-18	30
Other movements	-1,690	-	-1,690	-
	-2,086	**-189**	**-2,275**	**-804**
Costs 31 December	-	6,274	6,274	11,970
Accumulated depreciation 31 December	-	-5,701	-5,701	-9,122
Book value as at 31 December	**-**	**573**	**573**	**2,848**

At 31 December 2006, the carrying amount (€ 1,690,000) of machines and installations has been classified as assets held for sale. This classification has been presented in other movements.

The following depreciation percentages are used:

Depreciation percentages

	%
Machines and installations	10-20
Refurbishing	10-12
Computer equipment and programmes	33
Other assets	33

7 Intangible assets

Movements were as follows:

in thousands of euros	goodwill	costs of software development	costs of obtained rights and patents	total 2006	total 2005
Costs 1 January	21,252	17,849	43	39,144	36,164
Accumulated amortisation and depreciation 1 January	-15,875	-8,036	-43	-23,954	-20,844
Book value as at 1 January	**5,377**	**9,813**	**0**	**15,190**	**15,320**
Changes:					
Investments	-	3,668	-	3,668	2,980
Amortisation and depreciation	-	-3,597	-	-3,597	-3,110
Impairment	-	-891	-	-891	0
	-	**-820**	**-**	**-820**	**-130**
Costs 31 December	21,252	21,517	43	42,812	39,144
Accumulated amortisation and depreciation 31 December	-15,875	-12,524	-43	-28,442	-23,954
Book value as at 31 December	**5,377**	**8,993**	**-**	**14,370**	**15,190**

The following amortisation/depreciation percentages are used:

Amortisation/depreciation percentages

	%
Costs of software development	10-20
Costs of obtaining rights and patents	20

Costs of software development includes an amount of € 2.0 million, relating to the software obtained by the acquisition of NedGraphics. Contrary to in-house developed software, which is depreciated in five years, this third-party obtained software is depreciated in ten years (carrying value: € 0.9 million).

Impairment test for intangible assets The recoverable amount of cash-generating units is based on value-in-use calculations. Those calculations use cash flow projections based on a three year business plan. Cash flows for further periods are extrapolated using a two per cent growth rate. A pre-tax discount rate of 15.0 per cent has been used in discounting the projected cash flows. The goodwill relates to the Textile and Apparel Software division. The carrying amount of this cash-generating unit is lower then the recoverable amount. A ten per cent decrease in future planned revenues from software sales would not result in an impairment loss of significance.

Within the Engineering and Geographical Information Software division some product lines were ceased in the fourth quarter of 2006. As a result the carrying amount of cost of software development related to these product lines of EUR 0.6 million was impaired. In addition another EUR 0.3 million impairment charge was recognised based on value-in-use calculations. The impairment charges were recognised in profit and loss on the line amortisation and depreciation.

8 Other investments

Other investments wholly relates to financial assets. Movements were as follows:

in thousands of euros	2006	2005
Book value as at 1 January	**490**	**420**
Changes:		
Redemption on loans granted	-400	-50
Granted loans	-	120
	-400	70
Book value as at 31 December	**90**	**490**

The loan of € 50,000 to Symbision Holding B.V., the holding company of Deco ICT Solutions B.V., has been repaid in full on 15 March 2005.

The carrying amount of the in 2003 issued subordinated loan to Kenfil Distribution B.V. was € 400,000 as per December 31, 2005. This amount has been collected in the first quarter of 2006.

In October 2003, the company issued a loan of € 90,000 to Secundo B.V., the holding company of CMedia Productions B.V. The loan is subordinated to all Secundo's obligations to its bank. The interest on this loan on an annual basis is 6% and the loan will be repaid in two equal instalments, on 1 October 2007 and 1 October 2008.

9 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities Deferred tax assets and liabilities are attributable to the following:

Recognised deferred tax assets and liabilities

in thousands of euros	assets 2006	assets 2005	liabilities 2006	liabilities 2005	net 2006	net 2005
Intangible assets	-	-	-980	-2,944	-980	-2,944
Employee benefits	-	74	-	-	-	74
Interest-bearing loans and borrowings	-	-	-17	-52	-17	-52
Tax value of loss carry forward recognised	997	2,216	-	-	997	2,216
Tax assets/liabilities	997	2,290	-997	-2,996	-	-706
Netting of tax	-997	-1,985	997	1,985	-	-
Net tax assets and liabilities	**-**	**305**	**-**	**-1,011**	**-**	**-706**

Unrecognised deferred tax assets Deferred tax assets have not been recognised in respect of the following items:

Unrecognised deferred tax assets

in thousands of euros	2006	2005
Tax Losses	2,886	666
	2,886	**666**

The tax losses expire in the period from 2011 through 2015. Deferred tax assets have only been recognised to the level of deferred tax liabilities which are available to offset the deferred tax assets within the same fiscal unity for corporate income tax purposes. The amount of deferred tax assets that exist in excess of these deferred tax liabilities has not been recognised because it is not probable that taxable profit will be available in the near future against which the temporary difference can be utilised.

Movement in deferred tax during the year

in thousands of euros	01-01-2006	recognised in income	balance 31-12-2006
Intangible assets	-2,944	1,964	-980
Employee benefits	74	-74	-
Interest-bearing loans and borrowings	-52	35	-17
Tax value of loss carry forward recognised	2,216	-1,219	997
	-706	**706**	**-**

in thousands of euros	01-01-2005	recognised in income	balance 31-12-2005
Intangible assets	-3,130	186	-2,944
Employee benefits	75	-1	74
Interest-bearing loans and borrowings	-99	47	-52
Tax value of loss carry forward recognised	2,165	51	2,216
	-989	**283**	**-706**

10 Inventories

in thousands of euros	31-12-2006	31-12-2005
Trade goods	740	984
Provision for obsolescence	-36	-41
Total inventories	**704**	**943**

The valuation of inventories on the basis of net realisable value is not materially different from the valuation above.

11 Work in progress

in thousands of euros	31-12-2006	31-12-2005
Work in progress	96	296
Net work in progress	**96**	**296**

The valuation of work in progress includes losses and possible future losses, as far as these can be foreseen as at balance sheet date.

The stage of completion of contracts has been determined based on hours worked and realised production.

12 Trade and other receivables

in thousands of euros	31-12-2006	31-12-2005
Trade receivables	6,865	5,106
Amounts to be invoiced	292	421
Prepaid expenses	576	497
Other receivables and accrued income	561	543
	8,294	**6,567**

A credit limit has been agreed with a credit insurance company for most of the Dutch debtors, with the exception of (semi-) government institutions. Within this limit, 90% of the accounts receivable are covered for insolvency, with an own risk of € 2,269 per debtor.
A provision has been made if deemed necessary for the uncovered part of bad debts.

13 Cash and cash equivalents

in thousands of euros	31-12-2006	31-12-2005
Bank balances	3,145	1,657
Cash	11	17
Cash and cash equivalents	**3,156**	**1,674**

14 Assets held for sale

in thousands of euros	31-12-2006	31-12-2005
Property, plant and equipment	1,690	-
Trade and other receivables	603	-
Cash and cash equivalents	590	-
Total assets	**2,883**	-
Bank overdraft	456	-
Trade and other payables	1,146	-
Total liabilities	**1,602**	-

On 1 March, 2007 the company announced the sale of its subsidiary Carrier to Carrier Telecom N.V., which has been non-core for Blue Fox for several years. The intention to sell this activity was already announced in previous periods. As the criteria in IFRS 5 are met at 31 December 2006, the related assets and liabilities have been classified as held for sale. After review of the carrying amount and the fair value less costs to sell, no impairment losses on initial classification as held for sale were deemed necessary.

15 Shareholders' equity Capital and reserves

Reconciliation of movement in capital and reserves

in thousands of euros	share capital	share premium	legal reserves	trans-lation reserves	accu-mulated deficit	unallocated current year's result	total	minority interest	total equity
Balance as at 31 December 2004	7,024	22,128	8,605	-35	-13,812	-12,631	11,279	52	11,331
Appropriation of result	-	-	-	-	-12,631	12,631	-	-	-
Exchange rate differences participating interests	-	-	-	3	-	-	3	6	9
Transfer from other reserves	-	-	73	-	-73	-	-	-	-
Result financial year	-	-	-	-	-	-1,482	-1,482	4	-1,478
Balance as at 31 December 2005	**7,024**	**22,128**	**8,678**	**-32**	**-26,516**	**-1,482**	**9,800**	**62**	**9,862**
Appropriation of result	-	-	-	-	-1,482	1,482	-	-	-
Exchange rate differences participating interests	-	-	-	-20	-	-	-20	-	-20
Transfer from other reserves	-	-	-618	-	618	-	-	-	-
Result financial year	-	-	-	-	-	-6,560	-6,560	-14	-6,574
Balance as at 31 December 2006	**7,024**	**22,128**	**8,060**	**-52**	**-27,380**	**-6,560**	**3,220**	**48**	**3,268**

Share capital and share premium At 31 December 2006, the authorised share capital comprised 3,512,120 ordinary shares (2005: 3,512,120).

Legal reserves In line with the Netherlands Civil Code, a legal reserve is recognised for the carrying amount of capitalised software development costs at balance sheet date.

Translation reserves The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the company, as well as from the translation of liabilities that hedge the company's net investment in a foreign subsidiary.

Earnings per share The calculation of earnings per share at 31 December 2006 was based on the result attributable to ordinary shareholders of € -6,560,000 (2005: € -1,482,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2006 of 3,512,120 (2005: 3,512,120), calculated as follows:

Result attributable to ordinary shareholders

in thousands of euros	31-12-2006	31-12-2005
Result for the period	-6,560	-1,482
Result recognised in the income statement	**-6,560**	**-1,482**

Weighted average number of ordinary shares

	31-12-2006	31-12-2005
Issued ordinary shares at 1 January	3,512,120	3,512,120
Effect of own shares held	-	-
Effect of issued shares at 31 December	-	-
Weighted average number of ordinary shares	**3,512,120**	**3,512,120**

Instruments that could potentially dilute earnings per share in the future, but were not included in the calculation of diluted earnings per share, because they were not dilutive for the periods presented:

	31-12-2006	31-12-2005
Effect of conversion of convertible notes	354,557	173,126
Effect of share options on issue	64,620	162,760

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see notes on interest risk and foreign currency risk.

Interest-bearing loans and borrowings

in thousands of euros	31-12-2006	31-12-2005
Non-current liabilities		
Secured Bank loans	1,000	-
Convertible notes	-	1,130
	1,000	**1,130**
Current liabilities		
Current portion of secured bank loans	1,000	625
Convertible notes	2,075	840
	3,075	**1,465**
Convertible notes		
Nominal value	2,142	2,142
Amount classified as equity	-395	-395
Accreted interest capitalized	328	223
Carrying amount of liability as at 31 December	**2,075**	**1,970**

Terms and debt repayment schedule A long-term subordinated convertible loan with a nominal value of € 1,292,000 was granted by a number of former shareholders of Carrier to Carrier. The term of this interest-free loan is seven years, as of 1 July 2000. Blue Fox has the right of early settlement of this loan, if and to the extent that the average closing price of the Blue Fox shares has been at least € 36.43 during a continuous period of 20 trading days. On 1 July 2003, the grantors of the loan had the right to convert the whole loan into Blue Fox ordinary shares at a fixed price of € 29.14. As this convertible loan will be repaid in 2007, it has been classified in current liabilities.

Mid-2003, an additional long-term convertible subordinated loan of € 850,000 with a term of three years was obtained. Mid-2006, repayment of this loan was extended to mid-2007 with a zero per cent interest rate. The grantor of the loan may at all times convert the whole loan into ordinary shares of Blue Fox at a fixed price of € 2.74.

The secured bank loans consist of a medium-term loan for an amount of € 2.0 million, with a 5.45 per cent interest rate. This loan will be redeemed in two annual instalments amounting to € 1.0 million, of which the first one will be paid on 1 July 2007. The securities for this loan are disclosed in note 19.

17 Employee benefits

in thousands of euros	31-12-2006	31-12-2005
Liability for employee benefits	504	465
Liability for long service benefits	252	245
	756	**710**

Liability for employee benefits Companies' employees are entitled to a termination payment at the moment of leaving the company. This termination payment amounts to approximately one month salary per year of service.

Movement in the net liability for employee benefits

in thousands of euros	2006	2005
Net liability for employee benefits at 1 January	710	646
Expense recognised in the income statement	46	64
Net liability for employee benefits at 31 December	**756**	**710**

18 Provisions

in thousands of euros	restructuring	onerous contracts	other	total 2006	total 2005
Balance at 1 January	65	200	-	265	-
Provisions made during the year	539	-	787	1,326	265
Provisions used during the year	-65	-200	-	-265	-
Balance at 31 December	**539**	**0**	**787**	**1,326**	**265**
Non-current	-	-	-	-	-
Current	539	-	787	1,326	265
	539	**-**	**787**	**1,326**	**265**

Restructuring As a result of geographic re-allocation of resources, a provision for restructuring at 31 December 2006 was recognised. The provision mainly relates to the Textile and Apparel Software division.

Other As a result of the turnaround and downsizing of the holding structure, provisions have been recognised for terminating and renegotiating contracts with (former) business partners.

19 Bank overdraft As at 31 December 2006, the Group had current account credit facilities from Fortis Bank of € 4.4 million. Additionally, Porini Srl had credit facilities with a maximum of € 0.9 million. The following securities were granted for these current account facilities:

- lien on on property, plant and equipment, trade names and patents, inventories and receivables;
- lien on the shares of all Dutch group companies;
- joint and several liability of all Dutch group companies for debts to Fortis Bank.

20 Trade and other payables

in thousands of euros	31-12-2006	31-12-2005
Trade creditors	5,694	5,450
Tax and social security charges	922	425
Accrued staff expenses	2332	1,525
Accrued sales expenses	336	567
Other debts, accruals and deferred income	2,889	1,226
	12,173	**9,193**

All short-term debts have a term of less than one year.

Off-balance sheet commitments As at 31 December 2006, bank guarantees were issued to third parties to an amount of € 0.3 million (year-end 2005: € 0.4 million).

Operating leases Non-cancellable operating lease rentals are payable as follows:

in thousands of euros	31-12-2006	31-12-2005
Less than one year	1,578	1,845
Between one and five years	4,528	3,248
More than five years	943	1,006
	7,049	**6,099**

Financial instruments Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business.

Credit risk Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed or advanced down payments are requested on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest rate risk The Group has not entered into interest rate swaps.

Foreign currency risk The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the euro. The currencies giving rise to this risk are primarily U.S. Dollars.

In respect of other monetary assets and liabilities held in currencies other than the euro, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Forecasted transactions The Group has not entered into forward exchange contracts hedging forecasted transactions.

Fair values The fair values of financial instruments are not materially different from the carrying amounts shown in the balance sheet.

Fair values

in thousands of euros	31-12-2006	31-12-2005
Other investments	90	490
Trade and other receivables	8,294	6,567
Cash and cash equivalents	3,156	1,674
Interest-bearing loans and borrowings (non-current)	-1,000	-1,130
Bank overdraft	-6,992	-4,745
Interest bearing loans and borrowings (current)	-3,075	-1,465
Trade and other payables	-12,173	-9,193

Consolidated cash flow statement for 2006

21 Cash flow from operating activities The cash flow from operating activities amounted to € 1.6 million (2005: € 5.4 million). The operating result and depreciation resulted in a cash in-flow of € -1.2 million (2005: € 2.9 million).

22 Cash flow from investment activities The cash flow from investment activities was, on balance, € -3.6 million against € -3.5 million in 2005.

The investments in tangible and intangible fixed assets amounted to € 0.6 million (2005: € 0.4 million) and € 3.7 million (2005: € 3.0 million), respectively. The investments in intangible fixed assets relate to the in-house developed software.

The carrying amount of the in 2003 issued subordinated loan to Kenfil Distribution B.V. was € 400,000 as per December 31, 2005. This amount has been collected in the first quarter of 2006.

23 Cash flow from financing activities The cash flow from financing activities amounted to € 1.4 million (2005: € -0.7 million).

Company balance sheet as at 31 December 2006 before appropriation of result

in thousands of euros	31-12-2006	31-12-2005
Fixed assets		
Intangible fixed assets	5,836	6,036
Tangible fixed assets	48	85
Financial fixed assets	9,019	12,441
Total fixed assets	**14,903**	**18,562**
Current assets		
Other receivables	2,614	2,842
Cash and cash equivalents	167	-
Total current assets	**2,781**	**2,842**
Current liabilities, accruals and deferred income	**-12,151**	**-9,191**
Current assets less current liabilities	**-9,370**	**-6,349**
Assets less current liabilities	**5,533**	**12,213**
Long-term liabilities	**-1,000**	**-1,130**
Provisions	**-1,313**	**-1,283**
Shareholders' equity	**3,220**	**9,800**
Share capital	7,024	7,024
Share premium	22,128	22,128
Legal reserves	8,060	8,678
Translation reserves	-52	-32
Accumulated deficit	-27,380	-26,516
Unallocated current year's result	-6,560	-1,482
Shareholders' equity	**3,220**	**9,800**

Company profit and loss account for 2006

in thousands of euros	2006	2005
Company result	-5,067	-2,043
Result from participations	-1,493	561
Net result	**-6,560**	**-1,482**

Notes to the company annual accounts 2006

General The separate financial statements are part of the 2006 financial statements of Blue Fox Enterprises N.V. With reference to the separate profit and loss account of Blue Fox Enterprises N.V., use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

Principles for the measurement of assets and liabilities and the determination of the result For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its separate financial statements, Blue Fox Enterprises N.V. makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of Blue Fox Enterprises N.V. are the same as those applied for the consolidated EU GAAP financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU GAAP financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union. Please see pages 30 to 37 for a description of these principles.
The share in the result of participating interests consists of the share of Blue Fox Enterprises N.V. in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Blue Fox Enterprises N.V. and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

Company balance sheet as at 31 December 2006

Intangible fixed assets Movements were as follows:

in thousands of euros	goodwill	costs of software development	total
Costs 1 January 2006	20,725	2,265	22,990
Accumulated amortisation and depreciation 1 January 2006	-15,823	-1,131	-16,954
Book value as at 1 January 2006	**4,902**	**1,134**	**6,036**
Changes:			
Amortisation and depreciation	-	-200	-200
	-	-200	-200
Costs 31 December 2006	20,725	2,265	22,990
Accumulated amortisation and depreciation 31 December 2006	-15,823	-1,331	-17,154
Book value as at 31 December 2006	**4,902**	**934**	**5,836**

The cost of software development include an amount of € 2.0 million (market value on acquisition date), relating to the software obtained by the acquisition of NedGraphics. Contrary to in-house developed software, which is depreciated in five years, this third-party obtained software is depreciated in ten years.

Impairment test for goodwill The goodwill relates to the Textile and Apparel Software division. The recoverable amount of this cash-generating unit is based on value-in-use calculations. Those calculations use cash flow projections based on a three year business plan. Cash flows for further periods are extrapolated using a two per cent growth rate. A pre-tax discount rate of 15.0 per cent has been used in discounting the projected cash flows. The carrying amount of this cash-generating unit is lower then the recoverable amount.

Tangible fixed assets Movements were as follows:

in thousands of euros	other fixed assets 2006	other fixed assets 2005
Costs 1 January	648	614
Accumulated depreciation 1 January	-563	-459
Book value as at 1 January	**85**	**155**
Changes:		
Investments	17	34
Depreciation	-54	-104
	-37	**-70**
Costs 31 December	665	648
Accumulated depreciation 31 December	-617	-563
Book value as at 31 December	**48**	**85**

The following amortisation/depreciation percentages are used:

Amortisation/depreciation percentages

	%
Refurbishing	12
Fixtures and fittings	20
Computer equipment	33
Other assets	33

Financial fixed assets The financial fixed assets comprise as follows:

in thousands of euros	31-12-2006	31-12-2005
Participations in group companies	8,929	11,951
Granted loans to third party's	90	490
	9,019	**12,441**
Movements in participations:		
Net asset value as at 1 January	11,951	11,090
Capital injections	218	367
Sale/divestment of group companies	-68	-
Acquisitions of group companies	659	8
Dividend received	-2,378	-1,022
Result from participations	-1,493	561
Exchange rate differences	-21	2
Change in provisions for negative net asset value	61	945
Net asset value as at 31 December	**8,929**	**11,951**

The carrying amount of the in 2003 issued subordinated loan to Kenfil Distribution B.V. was € 400,000 as per December 31, 2005. This amount has been collected in the first quarter of 2006.

In October 2003, the company issued a loan of € 90,000 to Secundo B.V., the holding company of CMedia Productions B.V. The loan is subordinated to all Secundo's obligations to its bank. The interest on this loan on an annual basis is 6% and the loan will be repaid in two equal instalments, on 1 October 2007 and 1 October 2008.

Other receivables

in thousands of euros	31-12-2006	31-12-2005
Receivables from group companies	688	875
Deferred taxation	1,672	1,722
Other accounts receivable, prepayments and accrued income	254	245
	2,614	**2,842**

The deferred tax asset of € 1,672,000 (2005: € 1,722,000) concerns the capitalised tax loss carry-forward facilities for the fiscal unity for corporate income taxes (the Netherlands). This deferred tax assets is off-set by deferred tax liabilities recognised for other companies within the fiscal unity for corporate income taxes. No deferred tax asset has been recognised for the fiscal unity as a whole as it is not probable that it will be utilised in the near future.

Current liabilities, accruals and deferred income

in thousands of euros	31-12-2006	31-12-2005
Bank overdraft	4,955	3,577
Short term portion of loans	3,075	840
Trade creditors	335	205
Debts to group companies	2,379	4,100
Taxation and social security charges	60	90
Other debts, accruals and deferred income	1,347	379
	12,151	**9,191**

All short-term debts have a term of less than one year.

As at 31 December 2006, the Group had current account credit facilities from Fortis Bank of € 4.4 million. The following securities were granted for these current account facilities:

- lien on on property, plant and equipment, trade names and patents, inventories and receivables;
- lien on the shares of all Dutch group companies;
- joint and several liability of all Dutch group companies for debts to Fortis Bank.

Long-term liabilities

in thousands of euros	31-12-2006	31-12-2005
Secured bank loans	1,000	-
Convertible notes	-	1,130
	1,000	**1,130**

Provisions

in thousands of euros	31-12-2006	31-12-2005
Provision for negative equity group companies	1,312	1,251
Liability for long service benefits	1	32
	1,313	**1,283**

Shareholders' equity Movements of the shareholders' equity can be stated as

Shareholders' equity Capital and reserves

in thousands of euros	share capital	share premium	legal reserves	translation reserves	accumulated deficit	unallocated current year's result	total
Balance as at 31 December 2004	7,024	22,128	8,605	-35	-13,812	-12,631	11,279
Appropriation of result	-	-	-	-	-12,631	12,631	-
Exchange rate differences participations	-	-	-	3	-	-	3
Transfer from other reserves	-	-	73	-	-73	-	-
Result financial year	-	-	-	-	-	-1,482	-1,482
Balance as at 31 December 2005	**7,024**	**22,128**	**8,678**	**-32**	**-26,516**	**-1,482**	**9,800**
Appropriation of result	-	-	-	-	-1,482	1,482	-
Exchange rate differences participations	-	-	-	-20	-	-	-20
Transfer from other reserves	-	-	-618	-	618	-	-
Result financial year	-	-	-	-	-	-6,560	-6,560
Balance as at 31 December 2006	**7,024**	**22,128**	**8,060**	**-52**	**-27,380**	**-6,560**	**3,220**

The authorised share capital consists of 10,000,000 ordinary shares and 5,000,000 preference shares of € 2 nominal value per share. 3,512,120 ordinary shares (2005: 3,512,120) were issued and paid up as at 31 December 2006.

The formed legal reserve is made on account of the capitalisation of costs of in-house developed software.

The share premium reserve includes payments with regard to the issue of shares insofar as these payments exceed the nominal value of the shares (payment above par). Of the share premium reserve, at least € 11.5 million (2005: € 11.5 million) can be regarded as tax-exempt share premium in accordance with the 'Wet inkomstenbelasting 1964' (Income Tax Act 1964).

The unallocated current year's loss amounting to € 6,560,000 will be charged to the accumulated deficit.

Off-balance sheet commitments The company has entered into lease agreements whereby the total annual costs amount to € 113,000 (year-end 2005: € 100,000). The average remaining term of the lease agreements is 1.6 years.

Blue Fox heads a fiscal entity for corporate income tax purposes, to which all the Dutch 100% participating interests at year-end 2006 belong. On this basis, the company is wholly and severally liable for the tax commitments of the fiscal entity as a whole.

Options No options were exercised in 2006.

	date granted	term	issued options	outstanding options	exercised/ cancelled	exercise price (€)
	May 2002	2007	42,010	24,450	17,560	9,65
	May 2003	2008	33,980	21,590	12,390	5,80
	May 2004	2009	27,400	18,580	8,820	6,34
	Total		**103,390**	**64,620**	**38,770**	

A total of 3,750 options has been outstanding to Members (and former Members) of the Board of Directors. It was decided that the Members of the Supervisory Board of Blue Fox will no longer receive share options as from 2003.

Options Members of the Board of Directors and Supervisory Board

	date granted	term	issued options	outstanding options	exercised/ cancelled	exercise price (€)
S.W. Eisma [1]	May 2002	2007	1,980	-	1,980	9,65
	May 2003	2008	1,410	-	1,410	5,80
	May 2004	2009	1,410	-	1,410	6,34
R.J. Brolsma	May 2002	2007	1,480	1,480	-	9,65
	May 2003	2008	1,060	1,060	-	5,80
	May 2004	2009	1,060	1,060	-	6,34
C.J.J. van Steijn	-	-	-	-	-	
S.L.M. Houtakkers	-	-	-	-	-	
P.A.M. Pellenaars	May 2002	2007	150	150	-	9,65
T. Pannekoek	-	-	-	-	-	
L.P.E.M. van den Boom	-	-	-	-	-	
	Total		**8,550**	**3,750**	**4,800**	

[1] S.W. Eisma left the Company as per November 15, 2006. All issued options were cancelled.

Company profit and loss account for 2006

Staff In 2006, the company had an average of 8 staff members (2005: 10 staff members).

Remuneration of the Supervisory Board and Board of Directors The remuneration in 2006 of directors and supervisory directors was as follows:

in euros	gross salary *		bonusses		pension expenses		options granted	
	2006	2005	2006	2005	2006	2005	2006	2005
Supervisory Board								
Ben F.M. Knüppe	0	10,033	-	-	-	-	-	-
Servaas L.M. Houtakkers [1]	90,000	14,645	-	-	-	-	-	-
Pierre A.M. Pellenaars	19,000	19,000	-	-	-	-	-	-
Ton Pannekoek	19,000	19,000	-	-	-	-	-	-
Leon P.M. van den Boom	19,000	8,667	-	-	-	-	-	-
	147,000	**71,345**	**-**	**-**	**-**	**-**	**-**	**-**
Board of Directors								
Sjoerd W. Eisma [2 3]	646,875	225,000	-	-	19,688	22,500	-	-
Roelof J. Brolsma [4 5]	571,478	163,500	-	-	27,655	41,128	-	-
Cees J.J. van Steijn [6]	150,000	-	-	-	-	-	-	-
	1,368,353	**388,500**	**-**	**-**	**47,343**	**63,628**	**-**	**-**

* Gross salary is exclusive of bonusses, social security charges and pension expenses.

1 Servaas L.M. Houtakkers has acted as delegated supervisory director as of 19 May 2006 and as such received additional compensation of € 66,000

2 Sjoerd W. Eisma left the company as per 15 November, 2006

3 Gross salary 2006 includes severance payments of € 450,000

4 Roelof J. Brolsma will leave the company as per 1 July, 2007. He resigned from the board on 1 December, 2006

5 Gross salary 2006 includes severance payments of € 328,500, accrued salary 2007 of € 84,000 and pension expenses include accrued pension premiums 2007 for € 9,000

6 Cees J.J. van Steijn joined the company as per 1 August, 2006

Dordrecht, 4 april 2007

The Board of Directors
Cees J.J. van Steijn, Chairman

The Supervisory Board
Servaas L.M. Houtakkers, Chairman
Ton Pannekoek
Pierre A.M. Pellenaars
Leon P.E.M. van den Boom

11 Other information

To the Supervisory Board and Shareholders of Blue Fox Enterprises N.V.:

Auditor's report

Report on the financial statements We have audited the accompanying financial statements 2006 of Blue Fox Enterprises N.V., Dordrecht. The financial statements consist of the consolidated financial statements and the company financial statements.
The consolidated financial statements comprise the consolidated balance sheet as at 31 December 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 comprise the company balance sheet as at 31 December 2006, the company profit and loss account for the year then ended and the notes.

Management's responsibility Management 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 management board report 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 Blue Fox Enterprises N.V. as at 31 December 2006 and of its result and its cash flow 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 Blue Fox Enterprises N.V. as at 31 December 2006 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Emphasis of matter We draw attention to the information on going concern in the note 'general information' on page 30 of the financial statements which indicates that, as of this date, the company has only obtained sufficient funding until June 2007. These conditions, along with other matters as set forth in the aforementioned note, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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 management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 4 april 2007
KPMG Accountants N.V.
J. Boer RA

Statutory provisions concerning result appropriation

Pursuant to article 28 of the Articles of Association, the profit is at the disposal of the Annual General Meeting of Shareholders.

Proposal result appropriation 2006

The unallocated current year's loss amounting to € 6,560,000 must be added to the accumulated deficit.

Subsequent events

Carrier to Carrier Telecom N.V. On 1 March 2007, the company announced the sale of its subsidiary Carrier to Carrier Telecom N.V. ('Carrier to Carrier'). For this transaction, the buyer has established a new entity, in which the current management of Carrier to Carrier participates. Carrier to Carrier has been non-core for Blue Fox since several years.

The intention to sell this activity was announced in previous reporting periods. The sale is the result of a long negotiating process and fits within the framework of the turnaround that was announced during 2006. With the sale of this activity, Blue Fox will realise a book gain of approximately € 0.8 million. This book gain will be recognised in the results of the first half 2007.

NedGraphics CAD/GIS activities In March 2007, a term sheet was signed by NedGraphics CAD/GIS B.V. to sell its activities to a buyer, in which current management will participate. The sale of the CAD/GIS activities fits in the strategy to focus on the CAD/CAM and ERP activities.

Group offices

The following offices with operating activities are part of the Group:

Company	Based in	Adress details	Managing Director(s)
Blue Fox Enterprises N.V.	the Netherlands (Vianen)	Ir. D.S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 755 fax +31 347 329 736	C.J.J. van Steijn (1951)
Blue Fox Enterprises B.V.	the Netherlands (Vianen)	Ir. D.S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 755 fax +31 347 329 736	C.J.J. van Steijn (1951)
Blue Fox IPR B.V.	the Netherlands (Vianen)	Ir. D.S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 755 fax +31 347 329 736	Blue Fox Enterprises B.V.
TOPCAD B.V.	the Netherlands (Vianen)	Ir. D.S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 755 fax +31 347 329 736	Blue Fox Enterprises B.V.
Pollux B.V.	the Netherlands (Apeldoorn)	Steenbokstraat 33 7324 AZ Apeldoorn telephone +31 55 368 06 00 fax +31 55 368 06 01	M.R.J. Laatst (1953) Blue Fox Enterprises B.V.
Carrier to Carrier Telecom N.V.	the Netherlands (Biddinghuizen)	Plantweg 52 8256 SH Biddinghuizen telephone +31 321 33 05 10 fax +31 321 33 00 65	P. du Plessis (1961) Blue Fox Enterprises B.V.
NedGraphics CAD/GIS B.V.	the Netherlands (Vianen)	Ir. D. S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 600 fax +31 347 329 666	R.J.W.M. Goossens (1959) Blue Fox Enterprises B.V.
Blue Fox NedGraphics B.V.	the Netherlands (Vianen)	Ir. D. S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 696 fax +31 347 329 699	C.J. van Stam (1961) Blue Fox Enterprises B.V.

Company	Based in	Adress details	Managing Director(s)
Blue Fox NedGraphics B.V.	China (Shanghai)	29/F Pufa Tower, Room H 588 Pudong South Road Pu Dong Xi Qu Shanghai 200120 telephone + 86 21 5840 3828 fax +86 21 5876 7655	C.J. van Stam (1961)
Blue Fox MDP B.V.	the Netherlands (Vianen)	Ir. D. S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 755 fax +31 347 329 736	Blue Fox Enterprises B.V.
Blue Fox NedGraphics BvBa	Belgium (Deerlijk)	Nijverheidslaan 54b 8540 Deerlijk telephone +32 56 78 28 00 fax +32 56 78 28 08	C.J. van Stam (1961) Blue Fox Enterprises B.V.
Blue Fox NedGraphics of Tennessee Inc.	USA (Chattanooga)	6142 Shallowford Road Suite 101 Chattanooga, TN 37421 telephone +1 423 892 03 89 fax +1 423 892 15 32	E. Vimont (1961) M. Sherman (1968)
Blue Fox NedGraphics Ltd.	UK (Dukinfield)	8 Parkin Close Cheshire, Dukinfield SK16 4DD telephone +44 161 343 84 01 fax +44 161 343 84 01	Blue Fox Enterprises B.V.
Blue Fox NedGraphics SA	France (Paris)	79-81, Rue du Faubourg Poissonnière 75009 Paris telephone +33 1 53 26 26 26 fax +33 1 53 26 26 10	C.J. van Stam (1961)
Blue Fox NedGraphics Inc.	USA (New York)	104 West 40th Street 12th floor New York, NY 10018 telephone +1 212 921 27 27 fax +1 212 768 44 88	E. Vimont (1961) M. Sherman (1968)

Company	Based in	Adress details	Managing Director(s)
Blue Fox NedGraphics Inc.	USA (Charlotte)	1801 Cross Beam Drive NC 28217 Charlotte telephone +1 704 357 35 80 fax +1 704 357 35 83	E. Vimont (1961) M. Sherman (1968)
Blue Fox Srl	Romania (Bucharest)	Str. Badea Cartan nr. 15 Sector 2 020000-024500 Bucharest telephone +40 21 212 24 17 fax +40 21 212 21 74	Blue Fox Enterprises B.V.
Blue Fox Porini Srl	Italy (Lomazzo)	Via Trento 7 22074 Lomazzo CO telephone +39 02 96 94 101 fax +39 02 96 77 94 66	E. Porini (1934) E. Turconi (1951) R. Sozzi (1961)
Blue Fox Porini Inc.	USA (Los Angeles)	31416 Agoura Road Suite 150 Westlake Village (LA), CA 91361 Los Angeles telephone +1 818 887 08 40 fax +1 818 313 79 00	E. Turconi (1951) M. Sherman (1968)
Blue Fox Porini Inc.	USA (Chattanooga)	6142 Shallowford Road Chattanooga, TN 37421 telephone +1 423 954 30 07 fax +1 423 892 15 32	E. Turconi (1951)
Blue Fox Porini Inc.	USA (New York)	104 West 40th Street 12th floor New York, NY 10018 telephone +1 212 827 79 90 fax +1 212 768 44 88	E. Turconi (1951)
Blue Fox Porini Ltda	Brazil (Sao Paulo)	Rua Cacapava 49 Conj. 138-jd.Paulista 01408-010 Sao Paulo/SP telephone +55 11 3082 82 75 fax +55 11 3088 26 88	L. Garbarino (1929)
Blue Fox Porini Lda	Portugal (Matosinhos)	Praceta D. Nuno Alvares Pereira, Nº 20, 4° ES 4450-218 Matosinhos telephone +351 22 937 15 17 fax +351 22 937 39 63	F.A.M. Perreira (1966)