



2006

SERVICE LEADERSHIP

ANNUAL REPORT 2006
TELEPLAN INTERNATIONAL N.V.

Teleplan

Annual report 2006

Key data

EUR m (unless stated otherwise)	2006	2005	2004	2003	2002
Revenue	242.0	255.0	270.5	292.7	301.9
EBITDA before restructuring costs	15.4	15.7	(6.5)	19.5	51.5
EBITDA	5.2	12.6	(33.9)	(8.6)	51.5
Depreciation, amortization and impairment	7.5	19.8	31.8	38.3	35.8
EBIT (operating income)	(2.3)	(7.2)	(65.7)	(46.9)	15.7
Financial expenses	5.4	7.6	5.7	3.8	4.6
Income tax expense / (income)	0.3	0.7	0.7	(8.2)	7.4
Net income	(8.1)	(15.5)	(72.2)	(42.3)	3.7
Operating cash flow	0.98	3.43	(26.14)	15.44	8.77
Weighted average number of shares (x 1,000)	37,789	32,227	25,000	24,839	24,345
Earnings per share (EUR); Basic	(0.21)	(0.48)	(2.89)	(1.70)	0.15
Earnings per share (EUR); Fully Diluted	(0.21)	(0.48)	(2.89)	(1.70)	0.15
Operating cash flow per share (EUR)	0.03	0.11	(1.05)	0.62	0.36
Book value per share (EUR)	0.29	0.63	1.19	3.43	6.07
Selected Balance Sheet Data	31 Dec 2006	31 Dec 2005	31 Dec 2004	31 Dec 2003	31 Dec 2002
Cash and cash equivalents	10.63	20.92	18.06	22.44	24.49
Net debt, excluding convertible bonds	55.57	55.82	54.76	47.66	47.60
Balance sheet total	148.41	175.65	178.85	257.30	359.92
Total equity	12.16	20.36	29.85	85.20	147.79
Equity Ratio (%)	8.19	11.59	16.69	33.11	41.06
Number of employees at year end	5,206	4,513	5,340	6,300	5,962

'Safe Harbor' Statement for the Private Securities Litigation Act of October 1995

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Teleplan International N.V. and certain of the plans and objectives of Teleplan International N.V. with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events in the future and depend on circumstances that are then valid. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but

are not limited to, levels of consumer and business spending in major economies, changes in consumer tastes and preferences, the levels of marketing and promotional expenditures by Teleplan International N.V. and its competitors, raw materials and employee costs, changes in future exchange and interest rates, changes in tax rates and future business combinations, acquisitions or dispositions and the rate of technical changes. Market share estimates contained in this report are based on outside sources such as specialized research institutes, industry and dealer panels, etc. in combination with management estimates.

Company Profile / Markets Served

Teleplan is a leading provider of total service management solutions for the computer, communication and consumer electronics industry. Teleplan offers its customers services ranging from repairs to complex value-added and integrated after-sales services and solutions, including the total outsourcing of their warranty responsibilities. The company also renders services to retail operators or end-users that do not have the benefit of warranties. Teleplan offers

services to a wide range of nine product groups including: storage, personal computers & notebooks, displays, printers, mobile phones, network equipment, videocom, gaming and imaging. Teleplan has a global presence with 21 operationally active sites in Europe, North America, Asia and Australia and employs more than 5,200 service-oriented people worldwide, including its lean management structure headquartered in Zoetermeer, the Netherlands.

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Reliable Quality

We work together with international top-tier customers in the areas of Computers, Communications and Consumer Electronics. This is proof of our excellent reputation as a leading edge service provider on the global market. Our zero-defect philosophy shows our full commitment to providing customers with the most reliable service.



RELIABLE QUALITY

Message from the Management Board

To our Shareholders, Customers and Stakeholders of the Company

The year 2006 was eventful for Teleplan. As a year of transition, we were disappointed in the company's development and we are not satisfied overall with the results presented. However, we have taken steps in the direction of progress and improvement in the future.

The digital convergence of the electronics industry continues on its path of acceleration. The market as a whole is growing at a rate of 5 % on average, thus constantly introducing numerous new opportunities at a time when rapid product introductions are changing the landscape with new players. These players are emerging in more and more regions and introducing new innovative service models. Teleplan's goal is therefore to continue utilizing and improving on its strengths in order to tap into the potential the digital convergence which the sector has to offer.

Teleplan's focus in 2006 was placed on reorganizing the business model from a regional-based management to a model centered around the three target segments of Computer, Communication and Consumer Electronics, or what we refer to as the "3C's". In doing so, we have emphasized our focus on nine product groups: storage, personal computers & notebooks, displays, printers, mobile phones, networks, videocom, gaming and imaging.

In 2006 we continued the company's restructuring for transitioning to the new "3C's" model with a clear focus on the bottom line. The effects of the restructuring, however, hit the company somewhat harder than we had expected and communicated to the capital market. The restructuring, which proved difficult to plan and implement in a specific timeframe, took longer than we had anticipated overall. Moreover, the earlier shutdown of plants in

Western Europe, among other regions, with the goal of improving the efficiency of the business structure and boosting profitability made immediate, simultaneous growth more difficult.

The problems Teleplan experienced were furthermore exacerbated by significant top-line price erosion in the Computer segment, specifically in the area of storage, as well as two of our customers merging. Business in 2006 was also impacted by several one-off effects and changeover costs. However, while the restructuring added to Teleplan's difficulties, we believe it was necessary in order to keep pace with the ever-changing market and to better address our customers' needs.

We have taken several steps towards ensuring a turnaround of the negative effects seen from the restructuring in 2006. Over the course of the year we refined our product groups by introducing the nine new business units within the segments of Computer, Communication and Consumer Electronics. In addition, while the business model has shifted away from a regional focus, we have improved our regional offering by opening up a new plant in Prague (Consumer Electronics) as well as one in Shanghai (Communication), thus increasing the scope of our global presence to 21 locations worldwide.

These production shifts are furthermore part of an effort to increasingly transfer operations from high to low-cost countries. The emphasis on moving from West to East in Europe and North to South in North America led to a restructuring provision for a long-term lease and the resizing of two sites in the context of the transition. Our operations in low-cost countries now include two plants in Mexico, two in Central Europe and four locations in Asia.

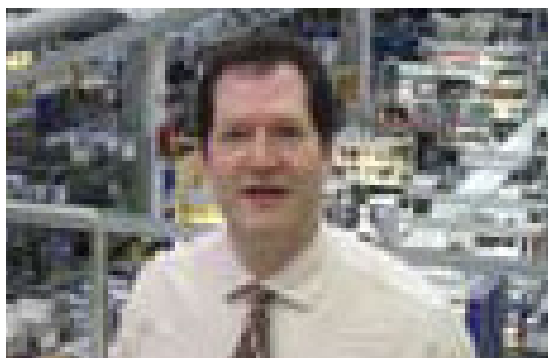
Overall we are looking towards 2007 in a more optimistic light despite the disappointing results in 2006. We will capitalize on our strength as innovative, flexible and independent service provider. New customers and contracts were won in the past year, the positive effects of which we should begin to see in 2007. We expect the year to bring about a more successful business development, as Teleplan's balance sheet and income statement at that time will be relieved of the burdens and one-off costs resulting from the restructuring in the previous year. It is particularly the ensuing efficiency increases and leaner company structure

paired with the growth we achieved towards the end of 2006 and that we strive to improve upon in 2007 which will begin to bear fruit and lead to additional profits and better earnings in the coming year and beyond.

We are looking forward to improving our company performance together with our employees for the benefit of our customers, shareholders, and other stakeholders in the company.

Mark Twaalfhoven

Gotthard Haug



Mr. Mark Twaalfhoven (1960)

Nationality:	Dutch & Hong Kong resident
Position:	Chief Executive Officer
Date of initial appointment:	17 – 06 – 2005
Board Memberships:	Balda AG China Yachting Business Partnership Ltd.
Current term:	2005 – 2009



Mr. Gotthard Haug (1958)

Nationality:	German
Position:	Chief Financial Officer
Date of initial appointment:	19 – 08 – 2004
Board Memberships:	None
Current term:	2007 – 2009



Global Presence

We have continued our expansion in three of the four continents on which we operate. This is a strategic advantage, as it allows us to provide the ever globalizing market with logistical solutions that combine local access and turnaround time at the lowest possible price, thereby improving our service and quality guarantee.



GLOBAL PRESENCE

Continuing and Enhancing Value Added in After Sales

The electronics industry of today has become more complex and now includes products launched simultaneously all over the world. The significance of digital technology continues to shape the worlds of business and private life and connect different regions in regard to the various aspects of the technology. This includes for example linking entertainment, communications, commercial and educational applications of information technology to be used in an interconnected manner, thus reflecting the digital convergence.

Teleplan's "3C's" focus (Computer, Communication and Consumer Electronics segments) is centered around the new markets emerging from this constant transformation. One striking characteristic of these emerging markets is that mobility within the industry is not only growing rapidly, it is also the very lifeline of the industry itself. Companies nowadays have to operate globally in order to compete with the rest of the sector. Mobility is furthermore shaping the technological transformation of applications, which in the past several years have resulted in products not only becoming significantly smaller, but also more integrated, easier to use and faster to operate. Applications today are more sophisticated and easier to afford than ever before, and this trend shows no signs of slowing down.

Overall this is resulting in growth potential for service providers to the IT and communication industries. The overall market grew by 5 % in 2006 from its 2005 volume of USD 1.3 trillion (EUR 1.0 trillion). The for Teleplan's "3C's" relevant market volume in 2006 totaled USD 926 billion (EUR 738 billion). The depot repair market is estimated at USD 7 billion.

Of course, with the expansion and acceleration of the market comes increased competition, especially at a manufacturing level. In this industry manufacturers generally place their focus on using their internal resources for their core competences. The result is faster and more permanent outsourcing of peripheral activities and after sales services by Original Equipment Manufacturers (OEMs), Original Design Manufacturers (ODMs), retailers, subcontractors, distributors and operators. The realm of after sales services has expanded to include more than just repair and now encompasses end-to-end solutions along the entire supply chain including logistics, warranty management and other services.

These additional value-added services are an important source of growth for Teleplan, and as such the company is prepared to adapt its business model in order to meet the demands and come out on top within the sector. The core competences include world-class repair, service, logistics and reverse logistics, warranty management and even out-of-warranty management with a focus on going beyond the usual service commitments to customers and managing warranty and logistics responsibilities for all types of information, communications and entertainment technology. Teleplan is also concentrating on accelerating and facilitating its service offering by seeking out and creating comprehensive collaborations with a rapidly rising scope of original design manufacturers and original equipment manufacturers around the world.

A global approach to offering supply chain solutions has always been a key component of growth for Teleplan. The company's strategic global positioning is supplemented by efficient and speedy logistics services. Teleplan uses up-to-date web-based reporting to provide complete information to international logistics suppliers and thereby minimize turnaround time.

The improvements in logistical services have become necessary in order to sustain and enhance the business in the midst of its recent reorganization from a regional-based and site-oriented model to a "3C's" model, that is based on the three target segments of Computer, Communication and Consumer Electronics. This has been an important step in capitalizing on the digital convergence while not losing sight of the importance of global mobility.

The last couple of years saw a transition in the organization structure with the company shifting its focus from regional service to the most efficient allocation of resources. In the last quarter of 2005 Teleplan moved its business model away from a geographic and regional approach towards one centered around the target markets in the fields of Computers, Communications and Consumer Electronics ("3C's"). This is supported by the nine product groups of storage, personal computers and notebooks, displays, printers, mobile phones, networks, videocom, gaming and imaging. This new market-oriented business structure aims to increase profitability and the utilization of capital as well as to globally manage marketing, market development and customer acquisition activities.

Global Presence



*To open in the second quarter 2007

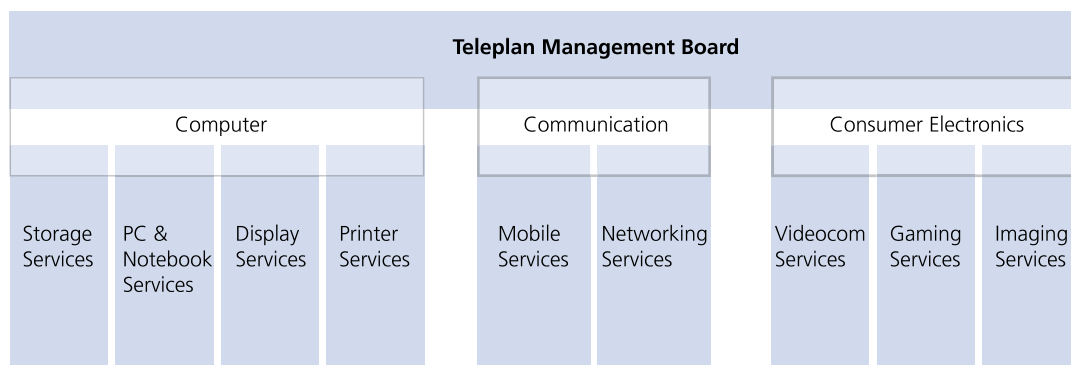
The “3C’s” strategy is a key factor given the global significance of the target markets. Computers, Communications and Consumer Electronics accounted for 71 % the nearly USD 1.3 trillion market for electronics equipment in 2006, thus amounting to a share of USD 926 million comprised of USD 313 billion, USD 316 billion and USD 297 billion respectively. Of the USD 26 billion after sales market, USD 7 bn refers to the area of depot repair on which Teleplan is primarily focused. Here the company enjoys a 5 % market share.

Many manufacturers of technology applications focus on selling and distributing their products globally to customers around the world. As a result, both these manufacturers and the customers they manage to win over global after sales services. Teleplan is headquartered in Zoetermeer, the Netherlands and, after several shutdowns in high-cost regions in order to facilitate the restructuring,

has opened up two new plants. As such, Teleplan now operates at 21 locations worldwide in the Americas, APAC and EMEA regions. With its more than 5,200 employees, the company is well positioned around the globe, thus making it better able to offer global pricing as well as all-encompassing customer relationships and application engineering services. Teleplan now serves 20 of the world’s top 50 leading electronics companies.

The Company shifted to the “3C’s” business model to serve the customers better. Here the key to improving productivity and efficiency at each of the 21 operating sites lies in bringing a specific area of technology together under one umbrella of management as opposed to having each individual plant or geographic region under a specific manager.

Global Product Group Organization



On a group level, the global functions of the Teleplan Management Board include the key account management of multi-commodity accounts and global key clients, company-wide logistics and global material management. In addition, transparency continues to be improved on all levels and the company still emphasizes an efficient, regulated allocation of resources.

As mentioned before, the company did not neglect to improve its regional offering in shifting the business model away from a regional focus. This has been achieved by opening up a new Consumer Electronics plant in Prague in July 2006, an expanded facility in Reynosa, Mexico, and a Communications plant in Shanghai in November 2006. Not only does this increase the scope of the company's global presence, it is also a step in the direction of Teleplan's continuous shift from North to South in North America and West to East in Europe. In North America for example, the company is now present with locations in Reynosa and Mexicali, Mexico, and Europe includes plants in Prague, Czech Republic and Bydgoszcz, Poland. Teleplan also has six locations in Asia and Australia: Suzhou, Hong Kong, Penang (Malaysia), Singapore, Sydney and now Shanghai (China).

With these production shifts and new openings the company is increasingly transferring its operations from high to low-cost countries. The effects of this shift include not only an improvement in personnel and administration costs but the elimination of costly real estate property in Western countries as well. The shift has also resulted in a restructuring provision for a long-term lease and the resizing of two sites in Europe in the context of the transition.

Teleplan continues its emphasis on exceeding customer expectations. The company offers an integrated service portfolio along the entire supply chain through its operationally focused business combined with its quality financial management and highly skilled and competent employees. While optimizing its global network with additional regional expansion and a relocation of labor-intensive services, it is also raising the bar in terms of the necessary prerequisites for sustainable growth, namely a business model more specific to the respective technologies and the necessary mobility to keep up in a rapidly globalizing market.



End-to-End Solutions

We have connected all segments of the value chain in the areas of logistics, repair and value added services. With this we are able to deliver a full range of customized end-to-end solutions, which allows customers to place the focus of their business on their own core competences.



END-TO-END SOLUTIONS

Investor Relations / Teleplan share

The stock markets witnessed another favourable year in 2006. Most indices showed a strong performance with the SDAX rising about 30 % and hence outperforming DAX (+22 %) and MDAX (+28 %). The Teleplan share could not keep up with the pace.

While the SDAX gained strong momentum right away from the beginning of the year and increased by 27 % till May the share price of Teleplan barely moved. However, within this period the share price hit its all year high at EUR 2.28 a plus of around 9 % compared with the beginning of the year.

Following the strong increase the stock markets underwent a significant downturn during the second and the third quarter. By the end of July 2006 the market rallied and trading continued to be strong up through the first weeks of 2007. Despite a recent downswing the SDAX showed a plus of around 36 % on 28 February 2007 in

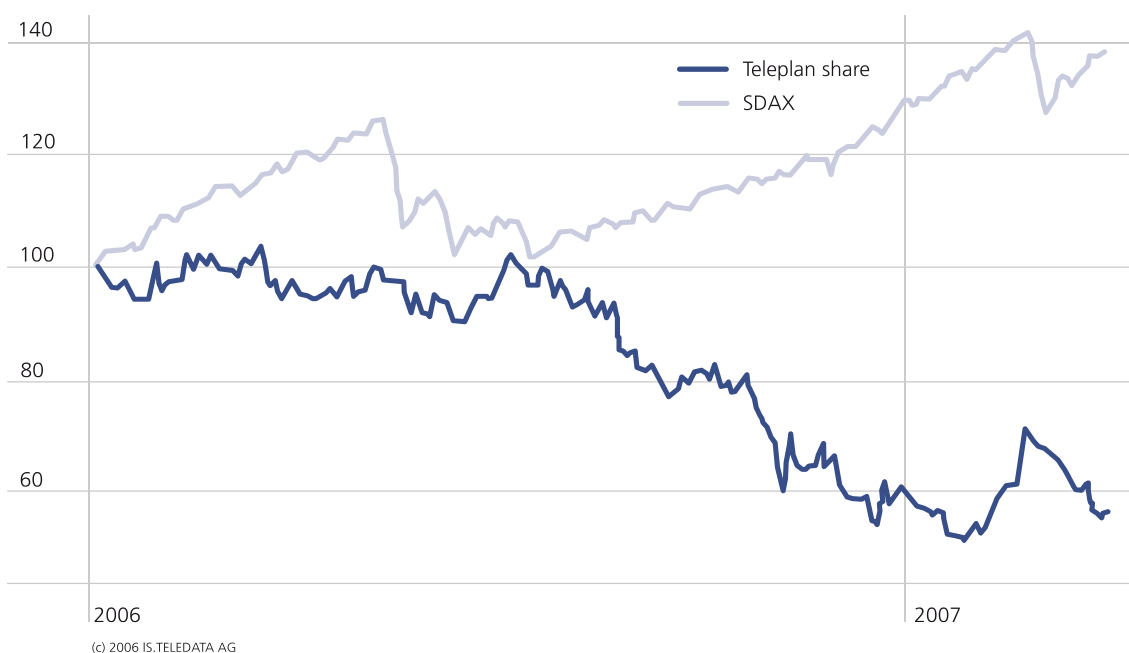
comparison with the beginning of 2006. On the contrary to this rally Teleplan's share price sharply declined in the ongoing course of the year. This development is attributable to the operational business development in the second half of the year.

While figures for the first half 2006 were in line with expectations a reduced outlook and one off costs burdened profits in the third quarter quite heavily and caused a continuing decline in the share price. By year-end the stock price was quoted at EUR 1.28 resulting in a loss of around 40 % to the beginning of the year.

The decrease proceeded till an all time low of EUR 1.06 on 26 January 2007. Since then the share price has accelerated and climbed 23 % to EUR 1.30 on 17 April 2007.

Teleplan vs. SDAX

Development of Teleplan share price indexed



In fiscal 2006 the management board continued an intensified contact with the financial community to communicate the difficult but finally successful turnaround to shareholders, potential investors, financial analysts and business journalists determined investor relations activities. Therefore the management presented the company on a number of road shows across Europe's financial centers (Zurich, London, and Frankfurt). Furthermore Teleplan was present

at the Deutsches Eigenkapitalforum in Frankfurt in autumn 2006. To regain trust in the company's perspectives and enhance the attraction of the Teleplan share the management board will intensify investor relations activities in 2007. This will include an extension of the coverage from sell and buy side analysts as well as continuing participation in capital market events such as capital market conferences.

Key share data

ISIN	NL0000229458
Ticker Symbol	TPL
Reuters Instrument Code	TPL.DE
Bloomberg Instrument Code	TPL:GR
Trading Segment	Prime Standard
Prime Sector	Industrial
Industry Group	Industrial Product & Services
Indices	Prime All Share, Classic All Share
Designated Sponsor	VEM Aktienbank AG
Subscribed Capital as of December 31, 2006	10,573,753 EUR
Subscribed Capital as of March 31, 2007	13,580,575 EUR
Class of Shares	Bearer Shares

A close and open dialogue with the financial community will help to provide insight into the Group's operational business and support the positioning of Teleplan as a transparent and capital market oriented company. Our website offers a platform containing a wide range of detailed and

up to date information. Combined with regular conference calls following the announcement of quarterly figures we consider this as a basis for increasing demand of institutional investors and more intensive research coverage. Similar to last year the medium term target is to re-enter the SDAX.

Share key figures

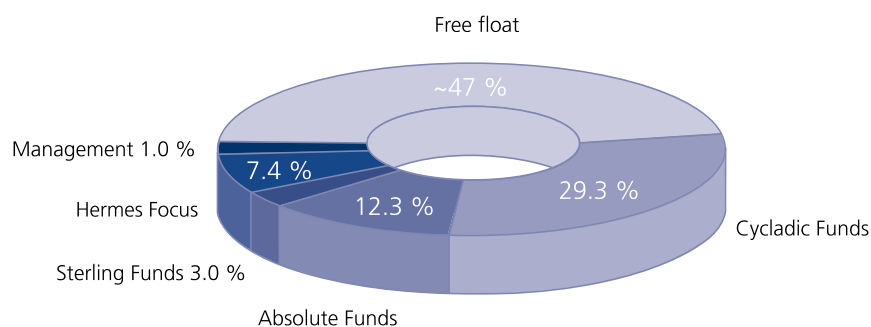
	2006	2005	2004
In EUR			
Year end [XETRA]	1.28	2.14	1.40
Year high	2.28	2.66	5.19
Year low	1.15	1.31	1.11
Market capitalization [Year end] EUR m	54.1	71.8	45.1
No. of shares traded on average per day [XETRA+Floor]	52,703	144,107	132,408
No. of shares outstanding m	42.3	33.5	32.2
Earnings Per Share [EPS], basic	(0.21)	(0.48)	(2.89)
Earnings Per Share [EPS], fully diluted	(0.21)	(0.48)	(2.89)
Cash Flow Per Share [CFPS], basic	0.03	0.11	(1.05)

The conversion of outstanding bonds and warrants into shares in the period under review constitutes an encouraging sign of the shareholders' confidence in the overall positive development of the Company. Especially in the course of the third and fourth quarter shareholders converted their outstanding

bonds and warrants into shares of the company. The number of shares outstanding increased to around 42 m as of 31 December 2006. As main shareholders also expanded their holdings the free float decreased to around 47 %. As of year-end the management held 0.9 % of shares outstanding.

Shareholders' structure

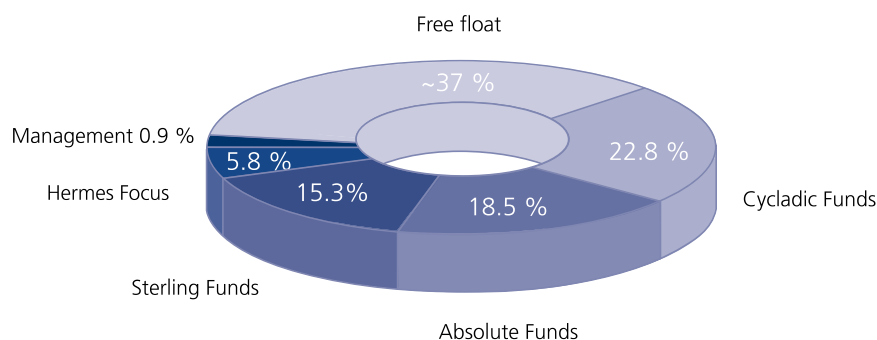
as 31 December 2006, as known to the company



No. of shares outstanding as of 31 Dec 2006: 42,295,012

Shareholders' structure

as of 31 March 2007, as known to the company



No. of shares outstanding as of 31 Mar 2007: 54,322,301



Cost Competitiveness

Given our extensive know-how in engineering and processing, we are able to carry out our services rapidly, thus minimizing ramp-up times and reducing costs. We have furthermore enhanced our deployment of labor-intensive and standardized bulk repair operations to low cost sites. We also have a centralized procurement management located close to the world's IT and communications hardware production centers in Asia. This results in low-cost purchasing.



COST COMPETITIVENESS

Corporate Strategy

Digital Convergence Combined with Customer Service

Digital technology continues to play an enormous role in the everyday life of people around the world. The continuous progress being made with regards to technology enhances and accelerates communication and is even shaping modern times. Digital technology furthermore opens up new worlds of information and creates mobility to extents that were not possible just a few years ago. In addition, the world of entertainment has also benefited and improved thanks to the rapidly growing world of digital technology. Due to the role this facet of life plays in creating and driving trends, the road for transition is also paved. Here new possibilities arising from technological advancements create new situations which in turn require new solutions.

This transition is mirrored in the digital convergence currently underway. The interconnectedness of digital solutions within the manufacturing and servicing sectors is giving rise to new markets. In doing so, barriers in terms of technology and economics as well as political and geographic borders are either overcome or in some ways even ignored. Digital technology is also proving to link processes, products, applications and markets with one another, thus making it a crucial driver of growth today. This will almost certainly continue in the long term as well, as the digital convergence is welcomed and even demanded by consumers, enterprises and organizations alike.

Teleplan has positioned itself in one of the pivotal points of the digital technology conversion with its focus on continuous service as opposed to individual products. This is strengthened by the company's corporate strategy, which embraces and works in line with the conversion currently taking place in the IT and telecommunications sectors. We are constantly working to set ourselves apart from the competition by focusing on customers' needs and keeping them at the forefront, while not losing track of our goal to provide these industries with the innovative solutions, cost leadership and information systems that encompass our after-sales service. All this combined with our extensive know-how creates additional value in terms of customer service management due to our ability to offer comprehensive service and the complete outsourcing of hardware warranties. The expansion currently seen on global markets by equipment manufacturers in terms of product range, complexity and geographic reach put us in an excellent position and opens the door to a converging digital world.

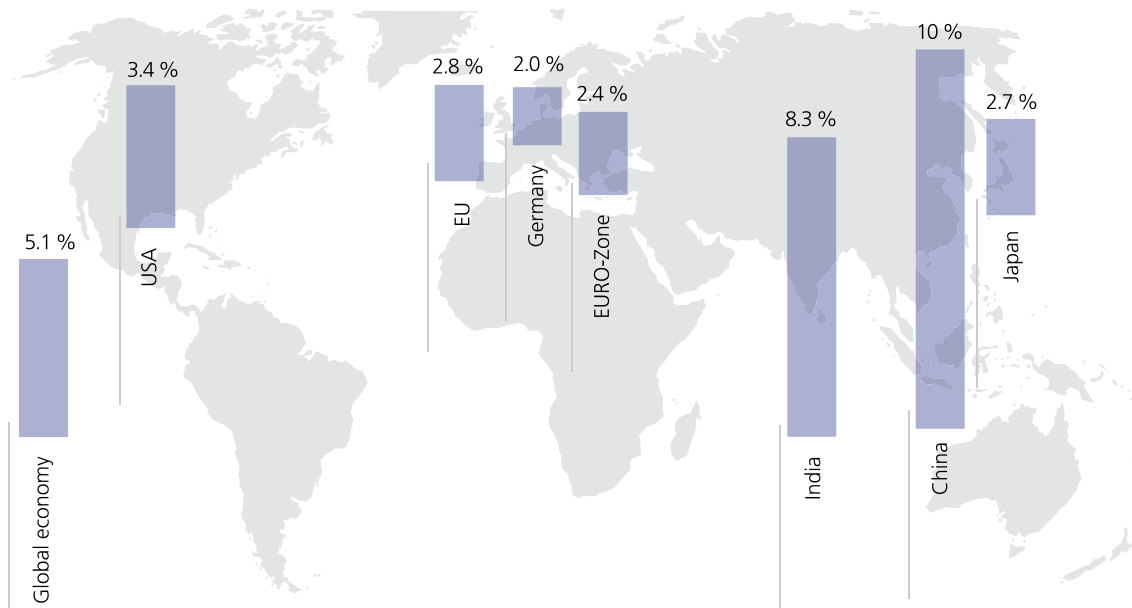
In positioning ourselves as outlined, we offer seven strong incentives for teaming up with Teleplan. Our corporate strategy is strictly aimed at strengthening our unique selling proposition:

- **Service Leadership:** Our commitment to service applies to the full range of after-sales services offered to our customers throughout a product's entire lifecycle and beyond, i.e. through end-of-life or recycling. We are able to offer the customer continuous support by improving products with the help of the knowledge gained through comprehensive failure analysis. We also offer on-demand services including order changes on short notice as well as purchasing and logistics services on a global scale.

- **Responsive Organization:** Our business units are organized according to the numerous product lines within the segments of Computer, Communication and Consumer Electronics. Combined with our dedicated customer account management, this enables us to maintain the closest possible contact with our customers and their respective markets and helps to shorten response times with these customers. Our company-wide information platforms provide for excellent interaction and communication between the different Teleplan sites around the world for start-up, run and in-time program migration, thus giving us the ability to deliver suitable solutions for even the most complex problems within a short amount of time. Our systems integrations capabilities even connect us directly to our customers' own systems, thus making us a part of their own reverse logistics organization.
- **Global Presence:** We have continued our expansion in three of the four continents on which we operate. This is a strategic advantage, as it allows us to provide the ever globalizing market with logistical solutions that combine local access and turnaround time at the lowest possible price, thereby improving our service and quality guarantee.
- **Cost Competitiveness:** Given our extensive know-how in engineering and processing, we are able to carry out our services rapidly, thus minimizing ramp-up times and reducing costs. We have furthermore enhanced our deployment of labor-intensive and standardized bulk repair operations to low cost sites. We also have a centralized procurement management located close to the world's IT and communications hardware production centers in Asia. This results in low-cost purchasing.
- **Reliable Quality:** We work together with international top-tier customers in the areas of Computers, Communications and Consumer Electronics. This is proof of our excellent reputation as a leading edge service provider on the global market. Our zero-defect philosophy shows our full commitment to providing customers with the most reliable service.
- **Reporting Capability:** Our clients benefit from our unique e-TRAC online service, which as a vital part of our repair solutions and effective reverse supply chains offers them a wide range of IT reporting capabilities. e-TRAC closely connects multiple suppliers via our web-based electronic tracking, reporting and controlling portal. Teleplan enhances this service with call centers for customer care at all stages of contact.
- **End-to-End Solutions:** We have connected all segments of the value chain in the areas of logistics, repair and value added services. With this we are able to deliver a full range of customized end-to-end solutions, which allows customers to place the focus of their business on their own core competences.

Economic and Business Environment

Growth rates 2006



Sources: IMF International Monetary Fund

The global economy continued to expand in 2006. Growth remained steady at some 5 %, thereby increasing somewhat over the 2005 figure of 4.25 %. According to the International Monetary Fund (IMF), China continued to be a source of rapid expansion, as did the rest of developing Asia and Japan. Europe gathered momentum throughout the year, though due to the slow start to the year in Germany this was not as significant as expected and showed only 2.4 % growth. With some 3.4 %, the US economy remained at approximately the same level as in 2005, with a rapid start to 2006 being offset by a considerable slowdown in the second quarter. This levelling out was a consequence of a decline in the housing market and increasing oil prices.

The current global expansion, now in its fourth year, was marked by uncertainties and downside risks such as signs of inflation, a tightening of conditions by central banks and oil prices still on the rise. While facing certain difficulties, further growth is expected on the global market. With the IMF's growth estimate of 5.1 % nearly being reached in 2006, and should its forecast of 4.9 % in 2007 come to fruition, this could represent the strongest four-year period of global expansion since the 1970s. The IMF World Economic Outlook from September 2006 states that the rate of expansion at the moment may be sustained in the longer-term according to industrial production, trade and confidence indicators.

As for the global information technology market, IT and telecommunications are two of the key growth markets in the overall global economy. This will also remain the case in the future. Teleplan's central focus on these industries and its emphasis on the ever-increasing digital convergence put it in an excellent position to profit from this high-growth industry. The company's established market position, visible market share and portfolio of blue-chip customers are key factors here.

The global electronics equipment market grew by 5 % in 2006 from USD 1.3 trillion in 2005. This market is comprised of the defense/industrial, automotive, medical, computer, communications and consumer sectors. Teleplan's business model focuses on the latter three sectors, the so-called "3C's". With respective world market shares of 24 %, 24 % and 23 %, these three industries relevant to Teleplan make up a total of USD 926 billion (EUR 738 billion) of the global electronics equipment market. The global Computer, Communications and Consumer Electronics markets together produced an after sales market volume of USD 26 billion in 2006, derived from a 2.8–2.9 percent warranty claims rate average. Of this after sales market, USD 7 billion refers to the area of depot repair in which Teleplan is primarily focused. Here the company enjoys a 5 % share of this heavily fragmented market.

Teleplan's "3C's" after sales market is growing at a rate similar to that of global electronics equipment markets. The three segments are proportionately represented. Within the company, the Computer segment represents 55 % of total revenue; the share of Communication is 24 % and Consumer Electronics follows closely with 21 %. The revenue split of these three segments resembles that of the industry as a whole. Here Computers make up 42 % of the sector,

Communications account for 35 %, Consumer Electronics occupy a 16 % share and other areas represent 7 % of the industry.

The continuously rising demand for storage capacity is contributing to the growth in the field of storage devices. This should prove to benefit Teleplan with the company's increased focus on storage services in the Computer segment; here Teleplan serves all of the major global suppliers. Furthermore, the company saw an increase in the Computer segment due to increased volumes for various program lines by several Key Accounts.

After having divested in 2004 and 2005 in the Communication segment with reduced revenue in the segment and the total company which helped to recovering in bottom line, the top line is expected to follow. We could prolong a major contract in EMEA and are optimistic about the extended warranty business in the US. The Consumer Electronics segment shows a good condition of the order books and should positively contribute to future performance.

The sustainable nature of the global growth in the information technology and communications industries paired with the digital convergence taking place within the market offer Teleplan the potential to expand in the future. The 5 % growth of the global economy is expected to remain stable in 2007 given the projection of 4.9 %, including a continuance of the exceptional growth in China, developing Asia and other emerging markets in which Teleplan is active. Furthermore, a clear focusing with the three key segments of Computer, Communication and Consumer Electronics give the company opportunities to tap into the potential of these markets.

Segment Development “3C’s”

The year 2006 has been the year of transition from a regional structure to a structure following the Group’s line of business and customer needs. The three business segments, Computer, Communication and Consumers Electronics, operate 9 product groups. As a result, the Group is now able to offer its services and expertise on a global scale. The Group has also introduced key account management for international customers, which will further support total customer service management.

Computer

In 2006, the Computer segment represented 55 % of the Group’s revenue versus an estimated 50 % in 2005. The Computer segment comprises services offerings for storage, personal computers & notebooks as well as printers and displays. The key area of activity of the storage product group is in the APAC region. The larger part of the display activity is based in Europe, whereas the printer service activity has a larger presence in the Americas. The personal computer & notebook repair activity has developed well in Europe building on a well established platform in the Americas.

New storage business started up in the beginning of 2006 has contributed to the segment’s growth but unfortunately also resulted in initially lower margins during the ramping phase. Price erosion in the storage market and the merger of two of our customers have put further pressure on the development of margins. In the third quarter of 2006 the Group has implemented a plan to reverse the negative profit development of the display activity through efficiency measures, moving work to low cost countries and price increases in order to return to profits. While the results of these measures are encouraging, the impact of the plan on the segment’s result for 2006 as a whole was limited. Although the 2006 EBIT of EUR 3.6m represents a significant decline from the EUR 6.4m EBIT for 2005, the measures taken in 2006 have built the foundation for profitable growth in this segment in 2007.

Communication

The Communication segment represented 24 % of the Group’s revenue in 2006 compared with an estimated 33 % in 2005. The Communication segment focuses on servicing mobile phones and network equipment. The mobile phone service market is a very competitive environment. Teleplan is seeking and implementing innovative solutions to remain competitive in this market. The incorporation of a subsidiary in Shanghai and the use of a satellite in the Czech Republic will support the positive margin development in this business segment. The service of network equipment is still concentrated in the United States but is starting to expand into Europe. The segment’s revenue decrease in 2006 is entirely the result of a non-profitable mobile phone repair contract discontinued at the end of 2005. Segment EBIT for 2006 is EUR 0.8m, which represents a EUR 17.5m improvement over 2005. The result for 2005 included EUR 3.1m restructuring cost and EUR 10.7m goodwill impairment.

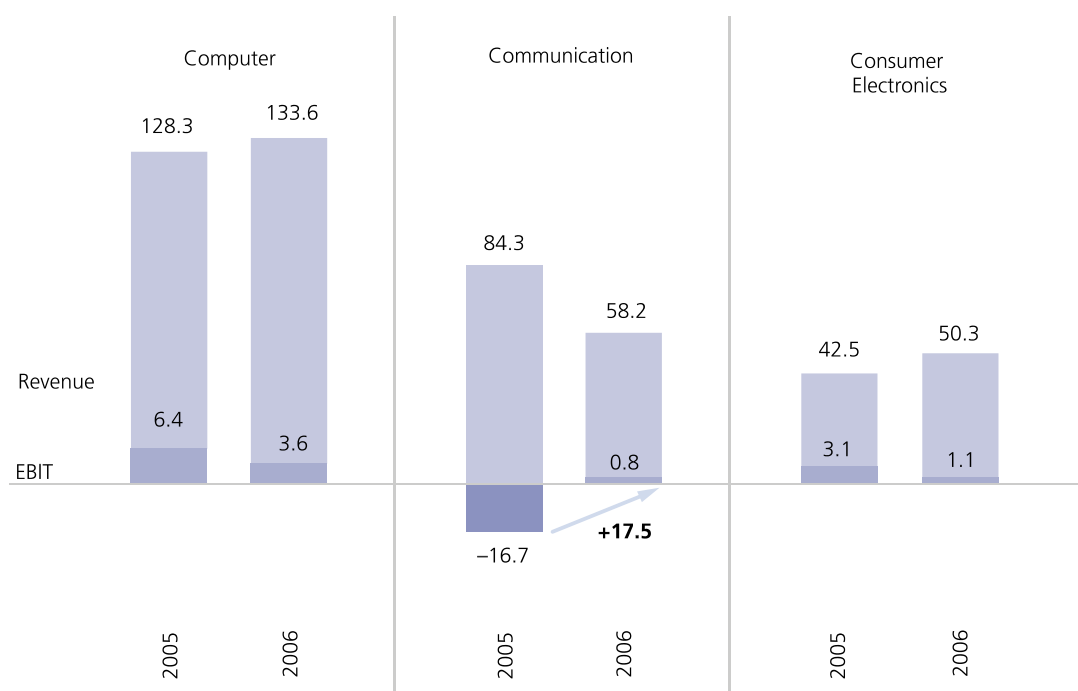
Consumer Electronics

Revenue of the Consumer Electronics segment was 21 % of the Group's revenue versus an estimated 17 % in 2005. In the Consumer Electronics segment the Group is particularly strong in the set top box repair and the game console repair markets. Teleplan has a good market position in the market for personal video recorders with integrated decoders. Teleplan is aiming to grow this business in all relevant techniques, i.e. cable and satellite decoding as well as television over IP. The market potential is growing fast with the introduction of digital TV and other enhanced functionality, e.g. Triple Play, in practically

every country. Teleplan has supported a major customer's launch of a new gaming console in the Americas and in Europe. The segment reported 18 % revenue growth, mainly coming from the increase of the gaming consoles repair activity. A significant and steep volume ramp in the second half of 2006 coupled with the start-up of the Prague site and a shortage of repair parts resulted in a loss in 2006. Together with the positive impact of one-off set top box repair projects in 2005, which could not be repeated in 2006, this had a negative impact on the segment's EBIT development from EUR 3.1 m in 2005 to EUR 1.1 m in 2006.

Segment Reporting

Revenue and EBIT (in EUR mill)

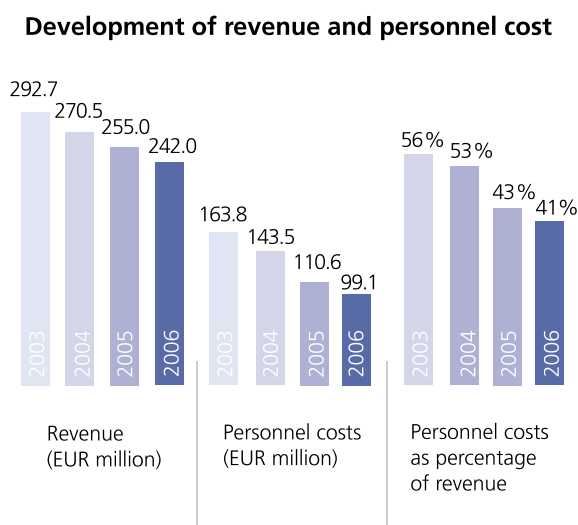


Analysis of Financial Statements

Profit & Loss Account

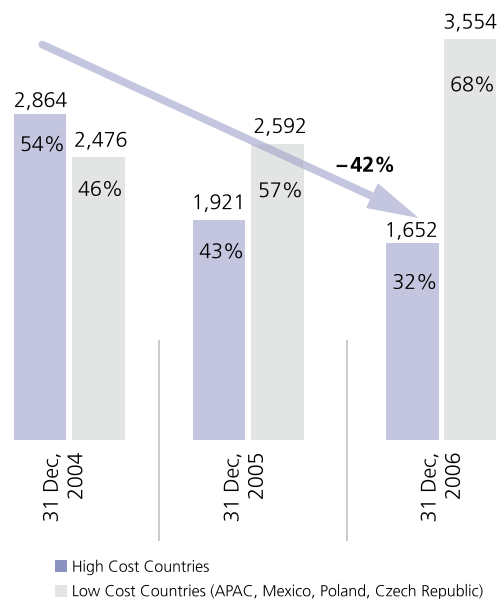
Revenues for the financial year 2006 amounted to EUR 242.0m compared to EUR 255.0m achieved in the year before. On a comparable basis, i.e. when deducting the mobile phone repair contract lost at the end of 2005, revenue in 2005 was EUR 225.0m. Thus, the sales volume generated by continued operations increased by 8 % in 2006. Sales derived from the start-up of new business wins in the Computer and Consumer segments during the course of the year were the main contributors to this growth. The development of the USD/EUR exchange rate had an only minor adverse influence on the revenue line in 2006.

The transition from high cost to low cost countries has further improved the Group's cost structure in 2006. Personnel costs were reduced by 10 % or EUR 11.5m. The following chart shows the reduction of personnel cost in relation to revenue.



At the end of 2006 the low cost countries accounted for 68% of total headcount, which is a significant increase over the 46% at the end of 2004. Increase of headcount in Reynosa and Penang and the start-up of Prague have contributed to this transition in 2006.

Significant reduction of number of employees in high cost locations

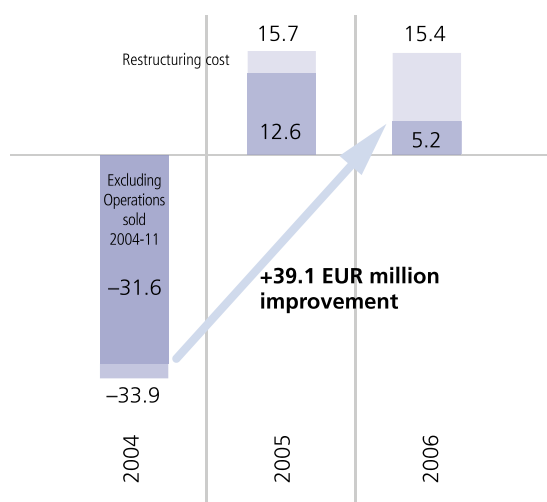


Other operating costs increased by EUR 6.6m. Excluding restructuring cost, other operating costs were in line with 2005. Gross margin as a percentage of revenue has decreased from 63.1 % in 2005 to 61.4 % in 2006. This is mainly the result of customer program model changes and the impact of the start-up of new businesses in 2006. As a consequence, earnings before interest, taxes, depreciation, and amortization were EUR 5.2m versus EUR 12.6m last year.

Before EUR 10.2m of one-off costs in connection with the restructuring programs in two sites in 2006, EBITDA in 2006 at EUR 15.4m remained at the same level as 2005, at EUR 15.7m before EUR 3.1m restructuring cost in that year.

Operating business back on track

EBITDA (in EUR m)



Depreciation of property, plant & equipment declined to EUR 5.4m in 2006 from EUR 6.9m in 2005, mainly due to the reduced volume of capital expenditures during the restructuring phase in 2005 and 2006. Operating loss (EBIT) as reported for 2006 was EUR -2.3m compared with EUR -7.2m the year before. EBIT before EUR 10.2m one-off restructuring costs in 2006 and EUR 13.8m, including EUR 10.7m goodwill, in 2005, increased to EUR 7.9m from EUR 6.6m the year before.

Financial expenses decreased by EUR 2.2m to EUR 5.4m due to the cost of the financial restructuring completed in late 2004, which were included in 2005 and the impact of foreign currency translation differences. Interest on borrowings increased as a result of the group not meeting

certain borrowings related covenants in the fourth quarter of 2005 and the third quarter of 2006. Net income as reported was EUR -8.1m in 2006, after EUR -15.5m the year before. Net income per share was EUR -0.21 in 2006 compared with EUR -0.48 the year before.

Cash Flow and the Balance Sheet

Cash generated from operations amounts to EUR 7.3m versus EUR 9.8m in 2005. Excluding non-recurring items, cash generated from operations amounted to EUR 8.3m in 2006, compared with EUR 12.9m in the prior year. Net cash from operations after financial expenses and taxes paid was EUR 1.0m in 2006, compared with EUR 3.4m in 2005; before the cash impact of non-recurring items net cash generated was EUR 2.0m and EUR 6.5m respectively.

Capital expenditure in 2006 amounted to EUR 3.4m versus EUR 4.8m in 2005. Depreciation totaled EUR 5.4m in 2006, compared with EUR 6.9m in the prior year. The year 2006 was still impacted by the start up of a major program in Malaysia in the last quarter of 2005. As a result of the divestment of property in Germany with a cash inflow of EUR 1.8m, net cash used in investing activities in 2005 was EUR 3.0m.

Cash used in financing activities mainly consists of the contractual third and fourth quarter repayments of the Group's borrowings. The issuance of shares and the exercise of warrants have generated EUR 0.4m cash. The repayments and the EUR 3.4m capital expenditure in 2006 were the main reasons for the decrease of cash from EUR 20.9m at 31 December 2005 to EUR 10.6m at the end of the current reporting year.

Total assets declined in 2006 by 15.5% to EUR 148.4m, compared with EUR 175.7m in the previous year. A decrease of trade and other receivables and the reduction of cash as a result of the repayment of borrowings have caused total assets to decrease. In 2006 no further impairment of goodwill was required. The decrease of intangible assets is the result of the normal annual amortization of the Group's ERP software and exchange rate differences related to Goodwill. Deferred tax assets decreased in 2006 as a result of utilization and exchange rate differences. The total decrease of non-current assets in 2006 amounts to EUR 7.9m, which continues the trend of 2005 in which the Group reported a decrease of EUR 8.7m.

Current assets decreased by EUR 19.3m, to EUR 78.1m at 31 December 2006 mainly due to decreases of inventory and receivables. During 2006, focus on the collection of trade receivables and reducing income not yet invoiced at balance sheet date and each month-end has resulted in a decrease of Trade and other receivables by EUR 5.8m.

Total equity declined by EUR 8.2m in 2006 to EUR 12.2m mainly due to the EUR 10.2m restructuring related non-recurring costs incurred in 2006. The foreign currency translation impact in 2006 was a decrease of equity by EUR 6.7m, mainly caused by the US Dollar exchange rate variance between year end 2006 and year end 2005. The conversion of bonds has added EUR 4.8m to equity. Total equity as a percentage of the balance sheet total was 8.2% in 2006 and 11.6% in 2005.

Total liabilities decreased by EUR 19.1m to EUR 136.2m. Non-current liabilities declined by EUR 74.3m to EUR 12.1m mainly due to EUR 68.6m long-term borrowings becoming current at 31 December 2006. As further described in the financial statements, post balance sheet date, the repayment of the borrowings has been extended to July 2008. The convertible bonds have decreased as a result of conversions which took place in 2006. Current liabilities increased by EUR 55.3m reflecting the reclassification of the long-term borrowings to short term and the decrease of trade payables.

Events after the end of financial year

After the balance sheet date, the Group has strengthened its financial position through an increase of share capital, the conversion of all bonds outstanding at 31 December 2006 into shares and the extension of the current credit facility to mid year 2008.

On 21 March 2007 the parties to the Company's credit facilities have agreed to change the maturity date of the facilities to 10 July 2008. The repayment scheme has been changed to EUR 1.9million at the

end of each of the first three quarters of 2007 and EUR 3.8million at year end 2007 and the end of the first quarter 2008. The agreement is subject to the Group meeting certain conditions before 30 April 2007. The Management Board is confident that these conditions will be met.

In the Extraordinary General Meeting held on 21 March 2007, the shareholders have approved the increase of the authorized share capital to 63,800,000 shares or EUR 15,950,000. On 28

March 2007 the Company announced the issuance of 5,432,225 new shares. The offering is structured as a non public offering of non-transferable pre-emptive rights to existing shareholders. The subscription price for the new shares will be EUR 1.10.

On 21 March 2007 all holders of the convertible bonds have converted a total of 10,824,561 bonds into 12,027,289 ordinary shares of the Company. These shares were issued on 26 March 2007.

Outlook

The global electronics equipment market is expected to have grown with 5 % in 2006 to USD 1.3trillion. Teleplan's "3C's" sales split corresponds to the world market split.

The global IT & telecommunications industry is and will remain one of the key growth markets of the world economy. With an established market position, a visible market share and a portfolio of blue chip customers Teleplan is in an excellent position to benefit from these prospects.

At the beginning of 2006 Teleplan introduced the "3C's" business unit structure. This has resulted in more focus to develop the business on a world wide basis. Together with a strengthened corporate structure and focus on business segments whose profitability is below the Group's standard, Teleplan is ready for future growth. Improved efficiency and substantially lower costs as a result of the transition from high-cost to low-cost countries will contribute to sustainable profit growth.

While these general prospects are promising, significant efforts are still required in the short-term to arrive at these targets. Lasting profitability is the result of daily management focus. In particular in the two largest regions, the Americas and EMEA, there continues to be major work to attain satisfactory levels of profitability. Short-term earnings

development can therefore still be characterized by some volatility.

Nevertheless 2007 will be a year with significant improvement over 2006 on the top and bottom line. Management expects a mid to high single digit growth percentage for the top line as well as a high single digit EBITDA percentage number.

Revenue growth in 2007 will come from organic growth, including the opening of a site in Jakarta; there are no plans to do acquisitions or disinvestments. In 2007, management will continue to review the profitability of the sites in the high-cost countries. Management is not aware of national legislation or other external factors which could substantially delay growth in 2007.

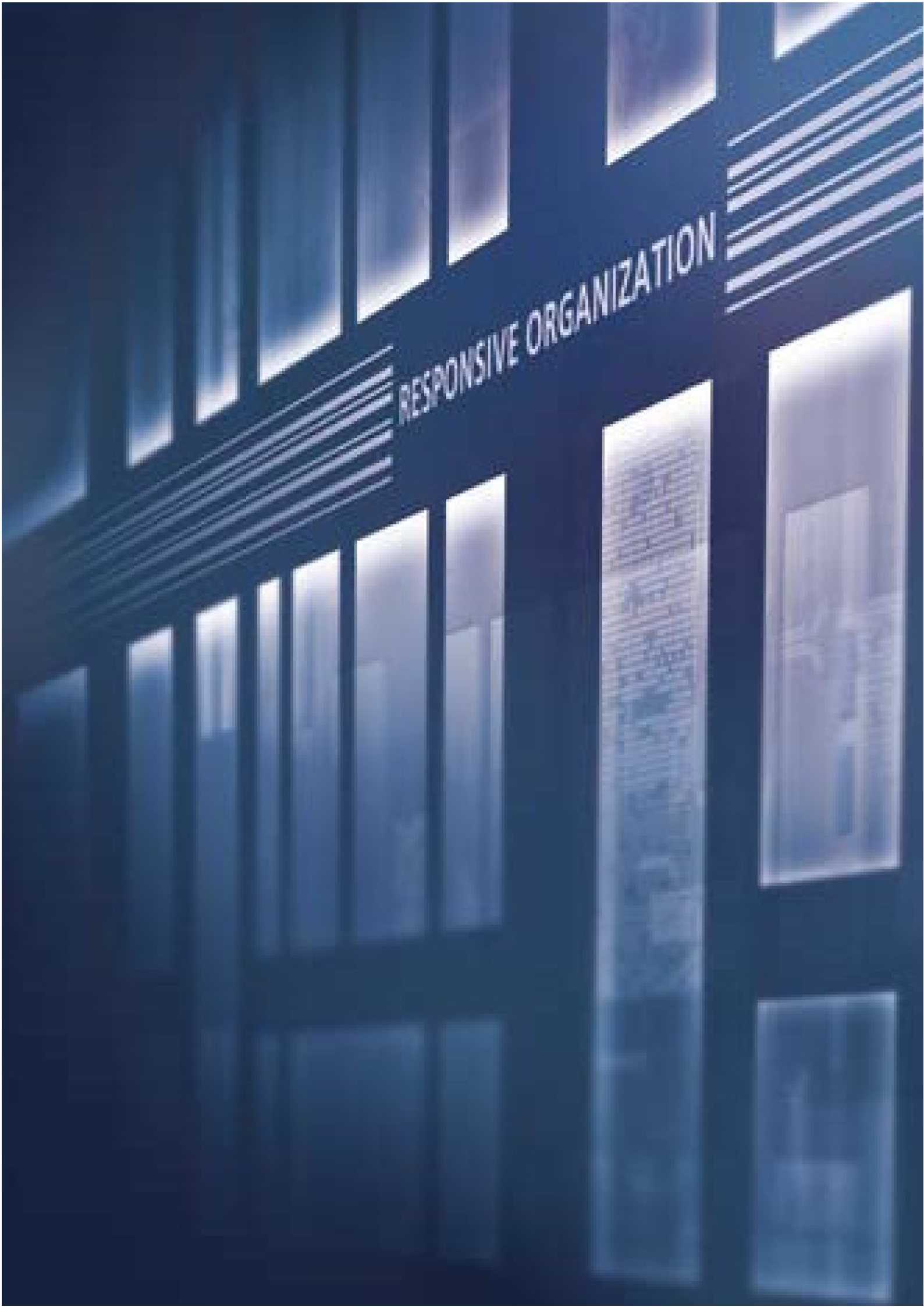
Management expects headcount to increase to 5,500 towards the end of 2007. Capital expenditure is expected to be in line with 2006.

In 2007 the Company has extended the maturity date of its borrowings facility to 10 July 2008 with a revised repayment schedule. For further details reference is made to page 86. The full conversion in March 2007 of the convertible bonds outstanding at 31 December 2006 and the issuance of 5.4million new shares in April 2007 will further strengthen the balance sheet in 2007.



Responsive Organization

Our business units are organized according to the numerous product lines within the segments of Computer, Communication and Consumer Electronics. Combined with our dedicated customer account management and our systems integrations capabilities, this enables us to maintain the closest possible contact with our customers and their respective markets.



RESPONSIVE ORGANIZATION

Corporate Governance Report

Company . Structure . Management

Teleplan subscribes to the basic principle stated in the Dutch Corporate Governance Code that a company is a long-term form of collaboration between the various stakeholders. The majority of

the Principles and Best Practice provisions are already common practice in the Company. Integrity, openness, supervision, transparent reporting and accountability are considered the pillars of Teleplan's corporate governance policy.

(I) Company Profile

Teleplan International N.V. ("Teleplan") was incorporated under Dutch law as a limited liability company (naamloze vennootschap) on August 13, 1998. Teleplan has its corporate seat in Amsterdam, the Netherlands, and its head office in Zoetermeer, the Netherlands. Teleplan is registered with the Trade Register at the Chamber of Commerce and Industry for Haaglanden, the Netherlands, under no. 10044356. Teleplan's Articles of Association

were most recently amended by a notarial deed executed on March 23, 2007. Teleplan's fiscal year coincides with the calendar year. Teleplan is listed in the Prime Standard of the German Stock Exchange and traded on (i) XETRA, (ii) the official markets in Frankfurt, and (iii) the regulated unofficial markets in Berlin, Bremen, Düsseldorf, Hamburg, Munich, and Stuttgart.

(II) Structure

Teleplan has a two-tier board structure. Teleplan's Management Board is collectively responsible for the management of Teleplan and thus for the realization of Teleplan's (strategic) objectives and for its strategy and policy. Teleplan's Supervisory Board is responsible for supervising and advising the Management Board, and for supervising the general performance of the company. By supervising and advising the Management Board, the Supervisory Board also monitors the general affairs of the affiliated enterprises of the Company. The Supervisory Board has been carefully selected to include members with a background and experience in fields that are related to Teleplan's core activities and international experience in the foreign markets in which Teleplan is active. The Supervisory Board is assisted by the Company Secretary.

The Supervisory Board's supervision concentrates on the realization of Teleplan's objectives, its strategy and the implementation thereof. Furthermore, the Supervisory Board monitors the design and operation of the internal risk management and control systems. Supervisory Board approval is required for certain Management Board resolutions as reflected in Teleplan's Articles of Association and in its Supervisory Board and Management Board rules and regulations.

The Supervisory Board has appointed from among its members an audit committee and a remuneration, selection and appointment committee. These committees shall, among other things, prepare the decision-making process by the Supervisory Board and focus on supervising certain activities of the Management Board.

Teleplan's General Meeting of Shareholders has the power to appoint, suspend and dismiss the members of the Management Board and the Supervisory Board. The approval of the General Meeting of Shareholders is required for decisions by the

Management Board leading to an important change in Teleplan's or its business enterprise's identity or character, as regulated in the Company's Articles of Association. Furthermore the General Meeting of Shareholders resolves upon alterations of the Articles of Association, legal mergers or split-offs and the adoption of the financial statements and the profit appropriation. Finally, the General Meeting of Shareholders sets the remuneration policy for the Management Board, determines the remuneration of the members of the Supervisory Board, and may additionally remunerate the members of the Supervisory Board committees for their services.

(III) Dutch Corporate Governance Code

Dutch companies listed at a government-recognized stock exchange, whether in the Netherlands or elsewhere, are required to dedicate a chapter in their annual report to their compliance with the Code. Each company must indicate in its annual report to what extent it has complied with the Principles and Best Practice provisions of the Code, and if not, give explanation. This is called the "comply or explain principle".

Teleplan subscribes to the basic principle stated in the Corporate Governance Code that a company is a long-term form of collaboration between the various stakeholders. The majority of the Principles and Best Practice provisions of the Code are already common practice in the Company. Integrity, openness, supervision, transparent reporting and

accountability are considered the pillars of Teleplan's corporate governance policy. Therefore, it is Teleplan's pursuit to ensure that its practice and procedures shall comply to the extent possible and desirable with the Code in view of the specific circumstances of the Company.

During 2006, Teleplan has continued to align its practice and procedures to the Code and the recommendations made by the Monitoring Committee Corporate Governance (Committee Frijns).

(IV) Compliance with and Enforcement of the Code

After evaluation of its corporate governance in light of the Principles and Best Practice provisions set out in the Code, Teleplan concluded that, in 2006, it has substantially complied with the Principles and Best Practice provisions, in so far as they are applicable to it. There are however a few exceptions, of which the most important ones are listed below. The numbering in this section follows the structure of the Code.

In relation to the Management Board

Best Practice provision II.1.3. (Implementation of an internal risk management and control system)

Teleplan continues to work on a code of conduct and will publish the final document on its website.

In relation to the Supervisory Board

Best Practice provision III.5.10 (Remuneration committee) and Best Practice provision III.5.13 (Selection and appointment committee)

In view of the size of the Supervisory Board, the proposed members of both such committees would consist out of the same persons. Therefore, Teleplan has a combined remuneration, selection and appointment committee.

In relation to the shareholders and General Meeting of Shareholders

Best Practice provision IV.3.1 (Posting of information regarding analysts meetings/presentations)

Teleplan continues to review the technical possibilities for enabling shareholders to follow such meetings or events in real time.

Best Practice provision IV.3.6 (Posting of information on website which the company is required to publish or deposit)

Teleplan has recently updated its website and will continue to do so in 2007. It is expected that all relevant information required to be posted will be available later this year.

(V) Risk management

Risk Management Approach

The Management Board views risk management as an integral part of running Teleplan's business. It is responsible for ensuring that the Company complies with applicable laws and regulations, for properly financing the Company and managing the risks that the Company is facing. It periodically reports on and accounts for internal risk management and control systems to the Supervisory Board and its Audit Committee.

Risk Profile

Under the explicit understanding that this is not an exhaustive enumeration, Teleplan faces the following main business risks, not listed in order of importance:

- Rapid developments in the IT and telecommunication industry, which may adversely affect Teleplan's services;
- Dependence on the outsourcing trends by manufacturers and integrators and on continued consumer demand for in-warranty and after-sales service;
- Limited entrance barriers for new competitors and consolidation by existing competitors in certain business units;
- Greater complexity than anticipated when integrating prior acquisitions and managing restructurings;
- Dependence on a limited number of key customers in certain sites;
- Suboptimal capacity planning and usage due to the unpredictability of the volume of repair services demanded;
- Dependence on key personnel;
- Foreign exchange and interest rate exposure;
- Inability to comply with financing covenants.

There may be current risks that the Company has not fully assessed or that are currently identified as not having a significant impact on the business, but which could in a later stage develop a significant potential impact on the Company's business. The current risk management and control systems and the planned improvements (see below) are aimed at timely discovery of those developments.

Effectiveness

The proper design of risk management and control systems reduces, but cannot fully eliminate the possibility of poor judgment in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. The Management Board is aware of the fact that the risk management and control systems can only provide reasonable assurance that objectives will be met in the areas of strategy, operations, reporting and compliance, also due to cost/benefit considerations regarding possible risk responses. In this context "reasonable assurance" refers to the degree of certainty that would be satisfactory for a prudent manager in the management of her/his affairs in the given circumstances.

Taking into consideration the above limitations, the Management Board is of the opinion that the internal reporting mechanisms, the planning- and control cycle and the existing charters, policies, procedures, instructions and manuals provide reasonable assurance that, as to financial reporting:

- it does not contain any material inaccuracies;
- the internal risk management and control systems worked properly during 2006;
- there are no indications that they will not work properly in 2007.

Control Systems

The Management Board is responsible for managing the risks the Company is facing. The Company's internal risk management and control systems include the following key elements:

- The structure of the Company is such that everyone's responsibility is clearly defined and results are measurable. In 2006, the market oriented business unit structure ("3C's") supported this philosophy;
- Local management provides representation letters regarding their financial reporting;
- Monitoring of the operations is achieved through monthly performance reviews by the Management Board, in which the efficiency program has played an important role;
- A planning and control cycle is in place. Regular budget-forecast-actuals variance analyses are made. Financial Key Performance Indicators (KPI's) have been formalized for the Company;
- The treasury function operates according to formalized procedures;
- The Company takes recommendations by the external auditors seriously;
- The Company's centralized data center has been outsourced to a large professional partner;
- It is common practice that customers conduct site or program audits. In addition, quarterly business reviews are performed together with major customers.

The review of the Company's risk management and control systems was effectively done through periodical operations reviews by the Management Board.

Weaknesses

The Company has not identified material weaknesses regarding the achievement of the Reporting, Strategic, Operational and Compliance objectives. The achievement of these objectives in 2007 will be further secured through the implementation of the improvements discussed in the next paragraph.

Improvements planned

Teleplan will continue to further formalize the relevant policies and procedures. In pursuing continuous improvement of the adequacy and effectiveness of the risk management and control system, the emphasis will be on the following during 2007:

- Review of the internal control system by a newly appointed internal auditor;
- Formalizing and further improving internal representations from various management levels;
- Implementing a code of conduct;
- Establishing more procedures including formalized approval rules;
- Improving the employee performance review process;
- Taking a more integrated approach to risk management;
- Embedding risk and control reporting in the existing management information process;
- Increasing the formalization and rationalization of the financial statement closing process;
- Further streamlining the cash management process;
- Further improving customer profitability analysis.

The above points have been discussed with the Audit Committee and/or the Supervisory Board.

Other Information

Conflicts of Interest

Between December 2004 and December 2005, the Management Board of Teleplan entered into several transactions relating to Teleplan's financial restructuring. Examples hereof were the entering into an override agreement and an intercreditor agreement in December 2004, security documents in March/April 2005, and a Polish share pledge and a US security agreement in November 2005.

In some cases, a director of Teleplan International N.V. is also a director of certain subsidiaries. This indicated that there might have been a conflict of interest, and as a result thereof there was a risk that the companies had not been validly represented in above transactions. To ensure that the companies had been validly represented for the entering into of the various agreements, the Annual General Meeting of shareholders held on 18 May 2006

appointed each managing director of Teleplan International N.V. as its special representative, in which way the representation in a (potential) conflict of interest situation was valid. Article 2:146 and 2:256 of the Dutch Civil Code provide for this.

After having been appointed as special representatives, the board of directors of Teleplan International N.V. ratified all transactions executed in relation to the financial restructuring.

No other (potential) conflicts of interests between Teleplan and its members of the Management Board or between Teleplan and legal or natural persons who hold at least ten percent of the shares in Teleplan have been reported during the financial year 2006.

Anti-takeover measures

Teleplan does not have any other anti-takeover measures which exclusively or almost exclusively have the purpose to frustrate future public bids on the shares in the capital of Teleplan in case no agreement is reached with the Management Board on such public bid.

Furthermore Teleplan does not have measures, which specifically have the purpose that a bidder

also once it has acquired 75 % of the shares in the capital of Teleplan, is frustrated in appointing or dismissing members of the Management Board and subsequently amending the Articles of Association of Teleplan. For the avoidance of doubt it should be noted that also in the event of (an attempt to) a hostile takeover, the Management Board and the Supervisory Board are authorized to exercise in the interest of Teleplan all powers attributed to them.

Composition of the Supervisory Board

Mr. Adrian S. Schmassmann (1959) Chairman

Nationality:	Swiss
Date of initial appointment:	19-08-2004
Occupation:	Chairman of Katadyn Produkte AG, Switzerland
Board Memberships:	Ascom Holding AG
Current term:	2007–2011

Mr. Dimitri Goulandris (1966)

Nationality:	Greek
Date of initial appointment:	23-03-2007
Occupation:	Managing Partner and Chief Investment Officer, Cycladic Capital LLP, U.K.
Current term:	2007–2011

Mr. Rolf Huber (1965)

Nationality:	Swiss
Date of initial appointment:	23-03-2007
Occupation:	Founder and Owner, Ceres Capital AG, Switzerland
Current term:	2007–2011

Mr. Robert M. Westerhof (1943)

Nationality:	Dutch
Date of initial appointment:	19-05-2006
Occupation and Board Memberships	Directorships at TCL Multimedia Ltd., Getronics N.V., TVIM (Brussels), MeDaVinci PLC.
Current term:	2007–2011

Mr. Sigfridus J.L.H. van der Zee (1949)

Nationality:	Dutch
Date of initial appointment:	19-08-2004
Occupation and Board Memberships:	Board member at Fairwind Ltd., Cyprus; Management Consultant at BOVO N.V., Belgium.
Current term:	2007–2011

Resignations, appointments

There were several changes in the composition of the Supervisory Board during the year 2006 and in the first quarter of 2007. Mr. R. Huber resigned from the Supervisory Board on 06 January 2006, Mr. H. Schmitz on 06 November 2006 and Dr. G. Kellinghusen on 21 March 2007. Mr. R. Westerhof was appointed as member of the Supervisory Board at the Annual General Meeting of Shareholders held on 18 May 2006. At the Extraordinary General Meeting of Shareholders of 21 March 2007 Mr. Huber and Mr. Goulandris were appointed as members to the Supervisory Board, both with effect as of 23 March 2007.

During 2006, Teleplan complied with Best Practice provision III.2.1 of the Dutch Corporate Governance Code (the "Code"), requiring that all Supervisory Board members shall be independent with the exception of not more than one member.

Financial Statements and Allocation of Net Result

Teleplan submits to the shareholders the financial statements and the report of the Management Board of Teleplan for the financial year 2006, as prepared by the Management Board and agreed by the Supervisory Board.

The 2006 financial statements were audited by Ernst & Young. The auditors' report appears on page 87. The 2006 financial statements were discussed between the auditors, the Audit Committee, the Supervisory Board, and the Management Board. Based on these discussions, the Supervisory Board believes that the 2006 financial statements represent the required correctness and transparency. The Supervisory Board considers that these financial statements form a good basis to account for the supervision provided and recommends the shareholders of Teleplan to adopt the financial statements for 2006 as presented in this Annual Report.

It is noted that due to the 2004 financial restructuring Teleplan is restricted in paying dividends to its shareholders. As to the (negative) net result over 2006, it is proposed to the General Meeting of Shareholders to deduct the relevant amount from the retained earnings reserve.

In addition, we request the shareholders at the coming Annual General Meeting of Shareholders to grant discharge to the members of the Management Board for the performance of their management during 2006, and to the members of the Supervisory Board for the performance of their supervision of the Management Board during 2006.

Supervisory Board Activities

Meetings and Attendance

During 2006, the Supervisory Board held eleven meetings, all of which in the presence of the Management Board.

In these meetings the Supervisory Board evaluated its working methods, procedures, its own functioning and that of its Committees as well as the functioning of the Management Board and its individual members, and its relationship with the Management Board. It also discussed the composition of the Supervisory Board and its Committees. The Supervisory Board discussed all relevant issues in connection with Teleplan's performance, strategy, corporate governance, risk management and restructuring measures.

Regular agenda items included: budget presentation, business and (financial) restructuring status, financial results, reports of Audit Committee meetings, organization of shareholder's meetings, business unit presentations.

Corporate Governance

During 2006, Teleplan has continued to review its existing regulations in the light of the Code and the recommendations made by the Monitoring Committee Corporate Governance Code (Committee Frijns), and has adopted or amended its rules and regulations accordingly, or will do so in 2007.

For a detailed description of Teleplan's corporate governance reference is made to page 32.

Conflicts of interest

No (potential) conflicts of interests between Teleplan and members of the Supervisory Board have been reported during the financial year 2006.

Committees

In the 2006 financial year, the Company had two standing Committees, the Audit Committee and the Remuneration, Selection and Appointment Committee.

Audit Committee

In 2006, members of the Audit Committee were Dr. G. Kellinghusen and Mr. A. Schmassmann. The Audit Committee had two meetings in 2006.

The Audit Committee shall regularly discuss financial statements, as well as Teleplan's Annual Report, internal and external control procedures, risk management, and the external auditor's performance and independence.

Remuneration, Selection and Appointment Committee

In 2006, the Company had a combined Remuneration, Selection and Appointment Committee. The members were Mr. H. Schmitz who was succeeded by Mr. R. Westerhof, and S. van der Zee, who chaired the Committee.

The Remuneration, Selection and Appointment Committee makes recommendations on the remuneration and remuneration policy for the members of the Management Board, including personal targets. The Committee furthermore advises the Supervisory Board with regard to recommendations to be made in connection with vacancies and review and selection processes.

Remuneration of the Supervisory Board

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. In 2006, the General Meeting of Shareholders amended the remuneration for the members of the Supervisory Board once, on 18 May 2006.

The Supervisory Board currently receives a fixed annual remuneration, being EUR 60,000 for the Chairman of the Supervisory Board and EUR 40,000 for each other Supervisory Board member. There was no additional remuneration for a Committee membership. The General Meeting of Shareholders held on 18 May 2006 decided to award Mr. H. Schmitz, at that time the Chairman of the Supervisory Board, with an additional gross amount of Euro 20,000 for his exceptional services in the first half year of 2006.

The Extraordinary General Meeting of Shareholders held on 21 March 2007 decided that in 2007 members of the Supervisory Board that so elect may, in deviation of the Code, receive a part of their compensation in options for ordinary shares in the Company in lieu of that part of their cash compensation.

For additional information with regard to the remuneration of the Supervisory Board during 2006, reference is made to page 82.

Remuneration Report and Policy

The Remuneration, Selection and Appointment Committee recommends and reviews compensation and benefits for members of the Management Board. Furthermore, the Remuneration, Selection and Appointment Committee reviews and authorizes the general compensation and benefit programs for the Management Board. In proposing to the Supervisory Board the specific remuneration of the members of the Management Board, the Remuneration, Selection and Appointment

Committee considers, among other factors, the desired levels of remuneration and emphasis on particular aspects of Teleplan's short and long-term performance and its current compensation and benefits structures and levels benchmarked against relevant peer companies.

Teleplan's remuneration policy was adopted by the Annual General Meeting of Shareholders on 19 May 2005. The policy including all structures and policies related to the remuneration and employment contracts of the Management Board was and is continuously being reviewed in light of the Code. The total remuneration package of the members of the Management Board currently consists of five components: Base salary, performance-related (variable) annual cash incentive, performance-related (variable) stock option incentive, (pension) benefits, pre-determined severance payments.

For additional information with regard to the remuneration of the Management Board during 2006, reference is made to page 81.

Finally, the Supervisory Board acknowledges the contributions made by everyone associated with Teleplan during 2006, and expresses its appreciation in particular to all employees of Teleplan.

27 April 2007
The Supervisory Board



Reporting Capability

Our clients benefit from our unique e-TRAC online service, which as a vital part of our repair solutions and effective reverse supply chains offers them a wide range of IT reporting capabilities. E-TRAC closely connects multiple suppliers via our web-based electronic tracking, reporting and controlling portal. Teleplan enhances this service with call centers for customer care at all stages of contact.



REPORTING CAPABILITY

Consolidated Income Statement

(Amounts in thousands of EUR)	Notes	2006	2005
Revenue	4	241,982	254,992
Raw materials and consumables used		93,348	94,068
Personnel costs	5	99,131	110,565
Other operating costs		44,314	37,748
EBITDA		5,189	12,611
Amortization of intangible fixed assets and impairment of goodwill	10	2,074	12,873
Depreciation of fixed assets	11	5,434	6,920
Operating income (EBIT)		(2,319)	(7,182)
Financial expenses	6	5,453	7,622
Income before taxes		(7,772)	(14,804)
Income tax	7	306	742
Loss for the year		(8,078)	(15,546)
Attributable to:			
Equity holders of the parent		(8,078)	(15,546)
Minority interests		-	-
		(8,078)	(15,546)
Earnings per share in EUR:	9		
Basic, for profit for the year attributable to ordinary equity holders of the parent		(0.21)	(0.48)
Fully diluted, for profit for the year attributable to ordinary equity holders of the parent		(0.21)	(0.48)

Consolidated Cash Flow Statement

(Amounts in thousands of EUR)	Notes	2006	2005
Cash flows from operating activities			
Revenue		241,982	254,992
Operating expenses		(236,793)	(242,381)
		<u>5,189</u>	<u>12,611</u>
Change in assets and liabilities			
Inventories		993	(532)
Trade and other receivables		3,075	(3,198)
Trade and other payables		(5,956)	2,414
Other tax and social security		1,478	105
Provisions and other		2,570	(1,626)
		<u>7,349</u>	<u>9,774</u>
Cash from operations			
Interest paid		(4,939)	(3,305)
Other financial expenses		(717)	(3,083)
Income taxes received / (paid)		(709)	46
		<u>984</u>	<u>3,432</u>
Net cash from operating activities			
Cash flows used in investing activities			
Investment in property, plant and equipment		(3,435)	(4,763)
Disposal of property, plant and equipment		105	110
Investment in intangible assets		(28)	(54)
Disposal of real estate held for sale		-	1,750
		<u>(3,358)</u>	<u>(2,957)</u>
Net cash used in investing activities			
Cash flows from/(used in) financing activities			
Proceeds of borrowings		-	9,255
Repayment of borrowings		(7,433)	(6,377)
Issuance of shares		275	-
Exercise of warrants		120	-
		<u>(7,038)</u>	<u>2,878</u>
Net cash from/(used in) financing activities			
Net (decrease) / increase in cash and cash equivalents		(9,412)	3,353
Effect of foreign exchange rate changes		(880)	(492)
Cash and cash equivalents at beginning of period	14	20,918	18,057
		<u>10,626</u>	<u>20,918</u>
Cash and cash equivalents at end of period	14		

Consolidated Balance Sheet

(Amounts in thousands of EUR)

	Notes	31 December 2006	31 December 2005
Assets			
Non-current assets			
Intangible assets	10	48,729	52,670
Property, plant & equipment	11	14,710	17,561
Deferred tax assets	7	6,915	8,072
Total non-current assets		70,354	78,303
Current assets			
Inventories	12	15,565	18,082
Trade and other receivables	13	51,273	57,087
Current income tax		589	1,260
Cash and cash equivalents	14	10,626	20,918
Total current assets		78,053	97,347
Total assets		148,407	175,650

(Amounts in thousands of EUR)	Notes	31 December 2006	31 December 2005
Equity & Liabilities			
Equity attributable to the equity holders of the parent			
Issued capital	15	10,574	8,388
Share premium	15	141,579	134,717
Retained earnings		(100,067)	(93,494)
Currency translation reserve		(46,777)	(40,045)
Convertible bonds – equity component	16	5,450	9,273
Share warrants	17	1,400	1,520
		<u>12,159</u>	<u>20,359</u>
Minority interests	8	-	-
Total equity		<u>12,159</u>	<u>20,359</u>
Non-current liabilities			
Long-term borrowings	19	-	68,558
Convertible bonds – debt component	16	7,123	10,569
Deferred tax liabilities	7	-	1,397
Retirement benefit obligations	20	3,327	5,139
Provisions	21	1,688	788
Total non-current liabilities		<u>12,138</u>	<u>86,451</u>
Current liabilities			
Short-term borrowings	19	66,196	8,176
Trade and other payables	22	46,903	53,094
Current income tax		1,732	1,686
Provisions	21	9,279	5,884
Total current liabilities		<u>124,110</u>	<u>68,840</u>
Total Liabilities		<u>136,248</u>	<u>155,291</u>
Total equity and liabilities		<u>148,407</u>	<u>175,650</u>

Consolidated Statement of Changes in Equity

(amounts in thousands of EUR)	Attributable to equity holders of the parent							Minority interests	Total
	Share capital	Share premium	Retained earnings	Currency translation reserve	Convertible bonds	Share warrants	Total		
Balance at 1 January 2005	8,055	133,768	(78,105)	(45,265)	9,876	1,520	29,849	(172)	29,677
Foreign currency translation	-	-	-	5,220	-	-	5,220	(27)	5,193
Total income and expense for the year recognised directly in equity	-	-	-	5,220	-	-	5,220	(27)	5,193
Net income 2005	-	-	(15,546)	-	-	-	(15,546)	-	(15,546)
Total income and expense for the year	-	-	(15,546)	5,220	-	-	(10,326)	(27)	(10,353)
Conversion of bonds into shares	333	949	-	-	(603)	-	679	-	679
Share-based payment (Note 18)	-	-	356	-	-	-	356	-	356
Adjustment of the value of minority interests	-	-	(199)	-	-	-	(199)	199	-
Balance at 31 December 2005	8,388	134,717	(93,494)	(40,045)	9,273	1,520	20,359	-	20,359
Foreign currency translation	-	-	-	(6,732)	-	-	(6,732)	-	(6,732)
Total income and expense for the year recognised directly in equity	-	-	-	(6,732)	-	-	(6,732)	-	(6,732)
Net income 2006	-	-	(8,078)	-	-	-	(8,078)	-	(8,078)
Total income and expense for the year	-	-	(8,078)	(6,732)	-	-	(14,810)	-	(14,810)
Conversion of bonds into shares	2,124	6,529	-	-	(3,823)	-	4,830	-	4,830
Exercise of warrant	33	87	120	-	-	(120)	120	-	120
Issuance of shares	29	246	-	-	-	-	275	-	275
Share-based payment (Note 18)	-	-	1,385	-	-	-	1,385	-	1,385
Balance at 31 December 2006	10,574	141,579	(100,067)	(46,777)	5,450	1,400	12,159	-	12,159

Note 1 Corporate information

The consolidated financial statements of Teleplan International N.V. ('Teleplan' or the 'Company') were authorised for issue in accordance with a resolution of the Supervisory Board on 27 April 2007. Teleplan International N.V. is a limited liability company incorporated on 13 August 1998 with the corporate

seat in Amsterdam and the head office in Zoetermeer, the Netherlands. The shares of Teleplan are publicly traded.

The principal activities of the Group are described in the Company Profile on Page 1 of this annual report.

Note 2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value as described further in the notes below. The consolidated financial statements are presented in Euros and all values are rounded to the nearest thousand (EUR 000) except when otherwise indicated.

Statement of compliance

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS), formerly known as International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union. This report only comprises the consolidated financial statements and therefore does not constitute the Dutch statutory financial statements as required under Dutch law.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Teleplan International N.V. and its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. For a list of subsidiaries reference is made to note 24 of these financial statements.

Minority interests represent the portion of profit or loss and net assets in Teleplan Taiwan Ltd., Taiwan, and Teleplan Technologies KK, Japan, not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from equity attributable to the parent.

Continuity of Operations

During the second half of 2004 Teleplan has successfully renegotiated the capital structure of the Company with Investors, the lending group, and private lenders. This Financial Restructuring mainly consisted of the issuance of new shares and convertible bonds in exchange for cash and a conversion of debt.

The arrangement covers a three year period ending 23 December 2007 and is subject to the Group meeting the following covenants: minimum EBITDA levels, Net Debt/EBITDA ratios, maximum Cash Restructuring Cost, maximum Capital Expenditures, maximum IT Cost and Interest Cover ratios.

The agreement between Teleplan and the lending group contains customary events of default for financing of this type; a breach of covenants would be one of them. If any event of default occurs, repayment of the amounts drawn under the credit facilities can be accelerated in general only upon authorization of the Majority Creditors (two-thirds of Lenders Group and Bondholders). Prior to a common and majority creditor acceleration, no single Lender is entitled to accelerate or otherwise declare prematurely due and payable any outstandings. The contracts also include the opportunities for amendments and waivers by the creditors to underpin the continuation of business.

As a result of ramp up costs incurred in connection with starting up new business and restructuring costs related to the resizing of the Havant site, the Group did not comply with the financial covenants in the third and fourth quarters of 2006, for which the Company received waivers from the lending group.

As further described in Note 27, on 21 March 2007 the parties to the Override Agreement have agreed to change the maturity date of the agreement to 10 July 2008. The agreement also includes revised covenants and a revised repayment scheme and certain conditions that need to be met before 30 April 2007. Management is confident that these conditions will be met.

Based on the business plan for 2007 Management expects further improvements of operational results and cash flows. At this point there is no reason to assume that the Group would not be able to comply with the revised covenants in 2007. Consequently, the accounting principles applied are based on the assumption that the Group will be able to continue as a going concern. The business plan including cash flow planning for 2007 is based on certain forward-looking developments, which by their nature involve risk and uncertainty because they relate to events in the future and depend on circumstances that are then valid. This could cause actual results and developments to differ from those implied.

Note 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial statements of the Group. They did however give rise to additional disclosures.

- IAS 19 Amendment – Employee Benefits
- IAS 21 Amendment – The Effects of Changes in Foreign Exchange Rates
- IAS 39 Amendments – Financial Instruments: Recognition and Measurement

- IFRIC 4 Determining whether an Arrangement contains a Lease
- IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

The principal effects of these changes in policies are discussed below.

IAS 19 Employee Benefits

As of 1 January 2006, the Group adopted the amendments to IAS 19. As a result, additional disclosures are made providing information about

trends in the assets and liabilities in the defined benefit plans and the assumptions underlying the components of the defined benefit cost. This change has resulted in additional disclosures being included for the years ending 31 December 2006 and 31 December 2005 but has not had a recognition or measurement impact, as the Group chose not to apply the new option offered to recognize actuarial gains and losses outside of the income statement.

IAS 21 The effects of Changes in Foreign Exchange Rates

As of 1 January 2006, the Group adopted the amendments to IAS 21. As a result, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognized in a separate component of equity in the consolidated financial statements regardless of the currency in which the monetary item is denominated. This change had no significant impact as at 31 December 2006 or 31 December 2005.

IAS 39 Financial Instruments: Recognition and Measurement

Amendment for financial guarantee contracts (issued August 2005) – amended IAS 39 to require financial guarantee contracts that are not considered to be insurance contracts to be recognized initially at fair value and to be remeasured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 Revenue. This amendment did not have an effect on the financial statements.

Amendment for hedges of forecast intragroup transactions (issued April 2005) amended IAS 39 to permit the foreign currency risk of a highly profitable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that

the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment did not have an effect on the financial statements.

Amendment for the fair value option (issued June 2005) amended IAS 39 to restrict the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group has not previously used this option, hence the amendment did not have any effect on the financial statements.

IFRIC 4 Determining whether an Arrangement contains a Lease

The Group adopted IFRIC interpretation 4 as of 1 January 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This change in accounting has not had an impact on the Group as at 31 December 2006 or 31 December 2005.

IFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The Group adopted IFRIC interpretation 5 as of 1 January 2006, which establishes the accounting treatment for funds established to help finance decommissioning for a company's assets. As the Group does not currently operate in a country where such funds exist, this interpretation had no impact on the financial statements.

IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

IFRIC interpretation 6 gives guidance on the accounting for liabilities arising from the EU Directive relating to the disposal of Waste Electrical and

Electronic Equipment. As the Directive is applicable to certain producers of electrical goods and the Group has no manufacturing activities, the

interpretation had no impact on the financial position of the Group.

Note 2.3 Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2006 was EUR 43.6 million (2005: EUR 45.5 million). More details are given in Note 10.

Deferred Tax Assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future

tax planning strategies. The carrying value of recognized tax losses at 31 December 2006 was EUR 6.9 million (2005: EUR 8.1 million) and the unrecognized tax losses at 31 December 2006 was EUR 145.8 million (2005 EUR 154.5 million). Further details are contained in Note 7.

Pension and Other Post Employment Benefits

The cost of defined benefit pension plans and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The net employee liability at 31 December 2006 is EUR 3.3 million (2005: EUR 5.1 million).

Restructuring costs

The Group has announced the decision to resize the Havant site. The associated restructuring cost includes estimates for the cost of vacating the current Havant property, redundancy cost and other charges. The discussions concerning the current Havant property have not yet been finalized. The Group has made an estimate of the costs of moving out of the Havant building based on the current status of these discussions.

Note 2.4 Reclassification of prior year's financial information

Certain items previously reported under specific financial statement captions have been reclassified to conform with the 2006 presentation.

Note 3 Summary of significant accounting policies

Foreign currency translation

The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency. The functional currency of foreign operations is generally the local currency, unless the primary economic environment requires the use of another currency. The foreign operations outside the Euro zone are to be regarded as foreign entities since they are financially, economically and organizationally autonomous.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of the initial transactions. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date. The foreign subsidiaries' income statements are translated at the weighted average exchange rates for the year. The exchange differences

arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

Revenue recognition

Revenue is recognized when services are rendered, all the terms of the sales contracts are met and Teleplan is entitled to all associated benefits. This situation exists when repair and other after-sales services are rendered to customers or the product or merchandise has been delivered or a sales transaction has otherwise occurred. Revenues are presented net of sales taxes, customer discounts, rebates and similar charges.

Taxation

The major components of income tax on the profit or loss from ordinary activities are current and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowed in accordance with the rules established by the tax authorities and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be settled with or paid to the tax authorities.

Deferred income tax assets and liabilities are recognized for the estimated tax consequences of temporary differences between the tax bases of assets and liabilities and their carrying amounts. Measurement of deferred tax assets and liabilities is based upon the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets, including assets from loss carry

forwards, are recognized to the extent that it is probable that in the nearby future taxable profit will be available against which the asset can be utilized. Deferred tax assets and liabilities are measured against nominal amounts. The effect of changes in tax rates are accounted in the income statement in the period that includes the enactment date.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to these units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating

units) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement under amortization of intangible fixed assets. The Group has no intangible assets with an indefinite useful life.

Property, plant & equipment

Property plant and equipment are carried at cost and any directly attributable costs of bringing the asset to working condition for its intended use, less accumulated depreciation and accumulated impairment. The carrying values of plant and

equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is calculated using the straight-line method over the expected economic life of the assets. The useful life and method of depreciation of an item of plant and equipment is reviewed yearly and, if expectations are significantly different from previous estimates, the depreciation charge or depreciation method for the current and future periods is adjusted.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Borrowing costs

Borrowing costs are recognized as an expense when incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories, determined on a first-in, first-out basis (FIFO), comprises all costs of purchase and other costs incurred bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price taking into account all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Trade and other receivables

Trade and other receivables are carried at original invoice amount less an allowance for any

uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

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

Share-based payment transactions

In October 2005, the Company introduced a Management Equity Incentive Plan under which members of the Management Board and senior executives of the Group receive remuneration in the form of share-based payment transactions, whereby employees render service as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they were granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Teleplan International N.V. ("market conditions"), if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and

the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of the modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Interest-bearing liabilities

Interest-bearing loans are classified as originated loans and recognized initially at an amount equal to the proceeds received (cost) less directly attributable transaction costs. Subsequently, the borrowings are stated at amortized cost using the effective interest rate method. Gains and losses are recognized through the amortization process.

Employee benefit obligations

The Group operates defined benefit as well as defined contribution pension schemes. Defined benefit plans are either externally funded, with the assets of the scheme held separately from those of the Group in independently administered funds, or unfunded with the related liabilities carried in the balance sheet. The pension provisions for defined benefit plans are calculated in accordance with IAS 19 (Employee Benefits) by the projected unit credit method. The future benefit obligations are valued by actuarial methods on the basis of an appropriate assessment of the relevant parameters. All defined benefit plans necessitate actuarial computations and valuations. All actuarial gains and losses of defined benefit plans are recognized as income or expense when the cumulative unrecognized actuarial gain or loss for each individual plan exceeds 10% of the higher of defined obligation and the fair value of plan assets. These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plans. For other employee benefit plans, the actuarial gains and losses are in accordance with IAS 19 accounted for in the income statement in the year as they occur.

The past service cost is recognized as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit liability comprises the present value of the defined benefit obligation less past service costs not yet recognized and less the fair value of the plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In the case of defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Company has no further obligations.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leases are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognized as expense in the income statement on a straight-line basis over the lease term.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable

estimate of the amount can be made. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Restructuring provisions are accounted for if Teleplan has a plan for a restructuring which meets the requirements set forth in IAS 37. Restructuring provisions normally comprise lease termination penalties and employee termination payments, and are recognized in the period in which the Group becomes legally or constructively committed to payment.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value on derivatives are directly taken to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Future changes in accounting policies

The Group has not applied IFRS 7 (Financial Instruments: Disclosures), IAS 1 (Amendment – Presentation of Financial Statements) and IFRIC 8 (Scope of IFRS2).

Note 4 Segment information

With effect from 1 January 2006, Teleplan changed its previous regional organization structure into a business unit structure. The nine business units are grouped into the segments Computer, Communication and Consumer Electronics. This is the Group's primary segment reporting. Each of the three segments represents a strategic business offering different products and serving different markets.

Segment revenue does not include transfers between the business segments. In a number of the Group's locations the business segments share resources which are allocated to each segment on the basis of the use that these segments make of the shared resources.

For 2005 no accurate business unit segment information is available. The comparative data presented for 2005 are therefore based on management's estimate.

	Computer		Communication		Consumer		Subtotal	
(Amounts in thousands of EUR)	2006	2005	2006	2005	2006	2005	2006	2005
Revenue								
External revenue	133,561	128,264	58,167	84,268	50,254	42,459	241,982	254,992
Inter segment revenue	-	-	-	-	-	-	-	-
Total revenue	133,561	128,264	58,167	84,268	50,254	42,459	241,982	254,992
Results								
Segment results	3,648	6,356	758	(16,687)	1,077	3,149	5,483	(7,182)
Unallocated charge							7,802	-
Net finance costs							5,453	7,623
Income (loss) before income taxes							(7,772)	(14,805)
Income tax charge							306	741
Net income (loss)							(8,078)	(15,546)
Assets and liabilities								
Segment assets	89,271		18,114		15,210		122,595	-
Unallocated corporate assets							25,812	-
Total consolidated assets							148,407	175,650
Segment liabilities	23,777		7,993		6,994		38,764	-
Unallocated corporate liabilities							97,484	-
Total consolidated liabilities							136,248	155,291
Other segment information								
Capital expenditure – Tangible fixed assets	2,044		450		897		3,391	4,763
Intangible fixed assets	6		-		22		28	47
Unallocated capital expenditure – Tangible fixed assets							44	-
Intangible fixed assets							-	7
Total capital expenditure							3,463	4,817

Secondary information is reported geographically. The Group's geographical segments are based on the location of the Group's assets. Geographical

segment revenue, segment expense and segment result include transfers between these segments, which are eliminated in consolidation.

The following table presents revenue, expenditure and certain assets information regarding the Group's geographical segments:

	Americas		EMEA		APAC		Subtotal	
(Amounts in thousands of EUR)	2006	2005	2006	2005	2006	2005	2006	2005
Revenue and results								
Total revenue	112,023	140,510	109,389	97,882	43,754	31,750	265,166	270,142
Intra-group revenue	6,296	5,329	16,866	9,814	22	7	23,184	15,150
Segment revenue	105,727	135,181	92,523	88,068	43,732	31,743	241,982	254,992
Other segment information								
Segment assets	48,458	62,435	63,054	65,788	20,033	21,116	131,545	149,339
Unallocated corporate assets							16,862	26,311
Total assets							148,407	176,650
Capital expenditure – Tangible fixed assets	1,464	655	720	352	1,251	3,756	3,435	4,763
Intangible fixed assets	-	-	28	47	-	-	28	47
Unallocated capital expenditure – Tangible fixed assets							-	-
Intangible fixed assets							-	7
Total capital expenditure							3,463	4,817

Note 5 Personnel costs

(Amounts in thousands of EUR)	Notes	2006	2005
Salaries and wages *		82,940	92,673
Social security costs		7,882	8,706
Pension costs	20	202	1,770
Expense of share based payment		1,385	356
Other staff costs		6,722	7,060
Total personnel costs		99,131	110,565

* Including agency temps and other temporary staff

Number of employees	2006	2005
Weighted average	5,025	4,902
As at 31 December	5,206	4,513

Note 6 Financial expenses

(Amounts in thousands of EUR)	2006	2005
Interest income and other financial income	(343)	(572)
Bank loans and overdrafts	5,270	3,877
Foreign currency exchange gains and losses	(2,082)	(729)
Other financial charges	2,608	5,046
Total financial expenses	5,453	7,622

Note 7 Income tax

The components of income tax in the consolidated income statement are as follows:

(Amounts in thousands of EUR)	2006	2005
Current tax	606	1,357
Deferred tax		
- from loss carry-forwards	(300)	(615)
Income tax expense	306	742

The reconciliation between tax expense and the product of accounting profit multiplied by the Group's domestic tax rate for the years ended 31 December 2006 and 2005 is as follows:

(Amounts in thousands of EUR)	2006	2005
Accounting loss before tax	(7,772)	(14,804)
At the Group's statutory tax rate of 29.6 % (2005: 31.5 %)	(2,301)	(4,663)
Non-deductible goodwill impairment and amortization	-	3,371
Tax losses 2006 (2005) which are not recognized as deferred tax asset	5,881	2,789
Other, including lower tax rates in certain countries and refunds	(3,274)	(755)
At the effective income tax rate of -4 % (2005: -5%)	306	742

Deferred income tax at 31 December is built up as follows:

(Amounts in thousands of EUR)	2006	2005
Deferred tax assets	6,915	8,072
Deferred tax liabilities	-	(1,397)
Total deferred tax	6,915	6,675

Deferred tax assets comprise timing differences and net operating losses (tax loss carry forwards). The deferred tax assets are recognized for timing differences only. The amounts capitalized are based

on Management's best estimate of taxable income for the coming four years. The deferred tax assets fully relate to the US region.

The movement of the deferred tax assets is as follows:

(Amounts in thousands of EUR)	2006	2005
Balance as of 1 January	8,072	6,988
Utilized	(300)	-
Exchange rate differences	(857)	1,084
Balance as of 31 December	6,915	8,072

The movement in the deferred tax liabilities is as follows:

(Amounts in thousands of EUR)	2006	2005
Balance as of 1 January	1,397	1,397
Reclassified to current tax payable	1,397	-
Balance as of 31 December	-	1,397

The Group has not set up a deferred tax asset for the following tax losses available for offset against future taxable profits because they cannot be used to offset taxable profits elsewhere in the Group or have arisen in subsidiaries that have been loss-making for some time. The losses built up in locations where Teleplan has ceased operations, amount to EUR 18.6 million. The remainder of the tax losses, EUR 145.8 million, is available for offsetting against future taxable profits, subject to local time restrictions.

(Amounts in thousands of EUR)	2006	2005
Netherlands	118,587	92,930
Germany	26,050	41,176
France	15,118	15,118
Other countries	4,447	5,259
Total	164,202	154,483

Note 8 Minority interest

Minority interest at 31 December 2006 and 2005 relates to the 15% third party interest in Teleplan Taiwan Ltd of Taiwan and the 30% third party interest in Teleplan Technologies KK of Japan. Both

companies are dormant companies which have gone into liquidation. The negative value of these minority interests is deducted from retained earnings.

Note 9 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to the ordinary equity

holders of the Company (after deducting interest on the convertible bonds and amortization of the warrants) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(Thousands of EUR)	2006	2005
Net profit attributable to ordinary equity holders of the parent	(8,078)	(15,546)
Effective interest allocated to the convertible bonds	1,308	1,465
Amortization of cost of warrants	507	507
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of the convertible bonds and warrants	(6,263)	(13,574)

(Thousands of shares)	2006	2005
Weighted average number of ordinary shares for basic earnings per share	37,789	32,227
Effect of dilution:		
Issuance of shares	5,432	-
Share options	2,692	1,848
Warrants	1,553	1,686
Conversion of bonds	12,027	20,518
Weighted average number of ordinary shares adjusted for the effect of dilution	59,493	56,279

The calculation of the weighted average number of ordinary shares adjusted for the effect of dilution includes the effect of the offering of 5.4 million new shares, which was announced on 28 March 2007.

One of the participants in the lending group exercised its 133,333 share warrants against an

exercise price of EUR 0.90 per warrant and subscribed for the same number of ordinary shares in the Company.

In 2006 a total of 7,642,106 convertible bonds were converted into 8,491,227 ordinary shares.

Note 10 Intangible assets

Amounts in thousands of EUR)	Goodwill	Other assets	Total
Balance 1 January 2006:			
Cost	56,236	10,736	66,972
Accumulated impairment and amortization	(10,701)	(3,601)	(14,302)
Book value	45,535	7,135	52,670
Changes in book value:			
Additions	-	28	28
Impairment losses	-	-	-
Amortization charge	-	(2,074)	(2,074)
Disposals	-	-	-
Exchange rate adjustment	(1,888)	(7)	(1,895)
Book value	43,647	5,082	48,729
Balance 31 December 2006:			
Cost	53,197	10,757	63,954
Accumulated impairment and amortization	(9,550)	(5,675)	(15,225)
Book value	43,647	5,082	48,729
Amortization rates		10%–25%	
Balance 1 January 2005:			
Cost	52,867	10,695	63,562
Accumulated impairment and amortization	-	(1,429)	(1,429)
Book value	52,867	9,266	62,133
Changes in book value:			
Additions	40	14	54
Impairment losses	(10,701)	-	(10,701)
Amortization charge	-	(2,172)	(2,172)
Disposals	-	-	-
Exchange rate adjustment	3,329	27	3,356
Book value	45,535	7,135	52,670
Balance 31 December 2005:			
Cost	56,236	10,736	66,972
Accumulated impairment and amortization	(10,701)	(3,601)	(14,302)
Book value	45,535	7,135	52,670
Amortization rates		10%–25%	

Following the loss of a major customer and the resulting negative effect on future cash flows in 2005, the Group has recognized an impairment loss in 2005 of EUR 10.7 million.

With effect from 1 January 2005 the Group has adopted IFRS Statement 3. In accordance with the transitional provisions of the statement, the carrying amount of accumulated amortization and impairment as at 1 January 2005 has been eliminated against the carrying amount of goodwill.

As from 1 January 2005, the date of adoption of IFRS 3, goodwill is no longer amortized but is now subject to annual impairment testing.

Other intangible assets mainly consist of licenses and development and implementation activities in relation to Teleplan's ERP platform.

Impairment testing of goodwill

Goodwill acquired through business combinations and patents and licences with indefinite lives have been allocated to the three segments as cash generating units for impairment testing.

	2006	2005
Computer	36,094	37,283
Communication	7,063	7,703
Consumer Electronics	490	549
Total	43,647	45,535

The recoverable amount of goodwill for each of the cash generating units has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a two-year period. The pre-tax discount rate applied to cash flow projections is 15.4% (2005: 15.4%) and cash flows beyond the two-year period are extrapolated using a 2 % growth rate (2005: 2%). This rate is below the long-term average growth rate for the IT and telecommunication industry.

Key assumptions used in value in use calculations

The calculations of the value in use for the cash generating units are most sensitive to assumptions for revenue development and discount rates. Gross margin and staff costs as a percentage of revenue for the main cash generating units were relatively stable and are not expected to change.

Revenue development in the next two years is based on the existing business, the impact of known customer losses and new business won at the time of establishing the budget. Following the initial two-year period, the growth rate applied is well below average growth rates in the IT and telecommunication industries. The discount rate reflects management's estimate of the risks specific to the units. The rate used is based on rates applicable to publicly listed high yield bonds with a relatively low credit rating.

Sensitivity to changes in assumptions

With regards to the assessment of value in use of the cash generating units, management believes that no reasonably possible change in any one of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Note 11 Property, Plant and Equipment

Amounts in thousands of EUR)	Land and buildings	Equipment	Other assets	Total
Balance 1 January 2006:				
Cost	8,653	39,143	11,522	59,318
Accumulated depreciation	(2,861)	(28,350)	(10,546)	(41,757)
Book value	5,792	10,793	976	17,561
Changes in book value:				
Additions	197	2,510	728	3,435
Impairment losses	-	-	-	-
Depreciation charge	(687)	(4,110)	(637)	(5,434)
Disposals	-	(103)	(2)	(105)
Exchange rate adjustment	(300)	(278)	(169)	(747)
Book value	5,002	8,812	896	14,710
Balance 31 December 2006:				
Cost	8,408	37,850	11,326	57,584
Accumulated depreciation	(3,406)	(29,038)	(10,430)	(42,874)
Book value	5,002	8,812	896	14,710
Depreciation rates	4%	20%–33%	10%–20%	
Balance 1 January 2005:				
Cost	7,629	33,441	11,016	52,086
Accumulated depreciation	(2,014)	(22,718)	(9,459)	(34,191)
Book value	5,615	10,723	1,557	17,895
Changes in book value:				
Additions	95	4,508	160	4,763
Impairment losses	-	-	-	-
Depreciation charge	(730)	(5,353)	(837)	(6,920)
Disposals	16	(72)	(54)	(110)
Exchange rate adjustment	796	987	150	1,933
Book value	5,792	10,793	976	17,561
Balance 31 December 2005:				
Cost	8,653	39,143	11,522	59,318
Accumulated depreciation	(2,861)	(28,350)	(10,546)	(41,757)
Book value	5,792	10,793	976	17,561
Depreciation rates	4%	20%–33%	10%–20%	

Note 12 Inventories

(Amounts in thousands of EUR)	2006	2005
Repair parts and consumables	12,323	13,773
Work in progress	2,777	3,034
Finished goods	465	1,275
	<u>15,565</u>	<u>18,082</u>

Note 13 Trade and other receivables

(Amounts in thousands of EUR)	2006	2005
Trade receivables	47,325	52,788
Other receivables and prepayments	3,948	4,299
	<u>51,273</u>	<u>57,087</u>

Note 14 Cash and cash equivalents

(Amounts in thousands of EUR)	2006	2005
Cash on hand and with banks	10,626	20,918
	<u>10,626</u>	<u>20,918</u>

Of the total cash balance at 31 December 2006 an amount of EUR 210,000 (2005: EUR 464,000) is not at the free disposal of the Group in connection with letters of credit issued.

Note 15 Share capital and share premium

The authorized share capital of Teleplan International N.V. at 31 December 2006 was EUR 14,500,000 (2005: 14,500,000) and consists of 58,000,000 Ordinary Shares (2005: 58,000,000) with a par value of EUR 0.25.

Ordinary shares	2006	2005
Issued and outstanding at 1 January	32,552,952	32,219,619
Issuance of shares	117,500	-
Conversion of bonds into shares	8,491,227	1,333,333
Exercise of warrants	133,333	-
Issued and outstanding at 31 December	42,295,012	33,552,952

On 26 January 2006 133,333 warrants were exercised against an exercise price of EUR 0.90. On 3 February 2006, the Company issued 117,500 ordinary shares in connection with the share option plan at a price EUR 2.34.

In 2006 a total of 7,642,106 convertible bonds were converted into 8,491,227 ordinary shares.

For the movement in share capital and share premium in 2006 reference is made to the consolidated statement of changes in equity.

As further described in Note 27, the shareholders have approved in the Extraordinary General Meeting held on 21 March 2007 the increase of the authorized share capital to 63,800,000 shares or EUR 15,950,000.

On 21 March 2007 all holders of the convertible bonds have converted a total of 10,824,561 bonds into 12,027,289 ordinary shares of the Company. These shares were issued on 26 March 2007.

Note 16 Convertible bonds

The movement in the debt component of the convertible bonds is as follows:

(Amounts in thousands of EUR)	2006	2005
Balance as of 1 January	10,569	9,791
Issued	-	-
Calculated effective interest recognized in the income statement	1,308	1,465
Conversion of bonds into shares	(4,754)	(687)
Balance as of 31 December	7,123	10,569

On 23 December 2004 Teleplan issued 19,666,667 convertible bonds to a group of investors. The convertible bonds carry an issue price of EUR 1.00 each and are convertible into ordinary shares with a nominal value of EUR 0.25 in the capital of Teleplan International N.V. The convertible bonds are due on 31 December 2009. The bondholders have the right to convert all or some of the bonds into ordinary shares at any time from and including 1 November 2005 until the close of business on 24 December 2009. Upon conversion Teleplan will issue ordinary shares to the bondholder(s) and set off the amount payable on each ordinary share with the corresponding principal amount of the bonds being converted. The amount that must be paid on each ordinary share into which bonds are converted is EUR 0.90.

The bonds do not bear interest. Pursuant to the Intercreditor Agreement of 23 December 2004 certain group companies (obligors) granted or will grant to the bondholders security over certain assets of Teleplan.

In 2006 a total of 7,642,106 convertible bonds were converted into 8,491,227 ordinary shares with a nominal value of EUR 0.25 each.

On 21 March 2007 all holders of the convertible bonds have converted a total of 10,824,561 bonds into 12,027,289 ordinary shares of the Company. These shares were issued on 26 March 2007. As a result, there are no convertible bonds anymore outstanding on 26 March 2007.

The nominal value of the convertible bonds (EUR 19.7 million) is split into a debt and an equity component. The value of the debt component is determined by applying a 14.97% discount rate (effective interest rate) which is based on the credit spread pertaining to a publicly listed high yield bond with a relatively low credit rating. The equity component is the residual value of the nominal value of the convertible bonds minus the value of the debt component.

Note 17 Share warrants

As part of the consideration payable by Teleplan for the credit facilities under the Override Agreement (see note 19) Teleplan issued 1,685,556 share warrants to the Override Lenders. The warrants are part of an exit fee which is due at the end of the term of the credit facilities (see note 19). Each warrant entitles the warrant holder to one ordinary share with a nominal value of EUR 0.25 in the capital of Teleplan International N.V. against a payment of EUR 0.90.

At moment of vesting in December 2004, the share warrants were valued using the Black Scholes model, increasing equity with EUR 1.5 million, netted against borrowings and amortized over a three year period ending 31 December 2007.

On 26 January 2006, 133,333 warrants have been exercised at a price of EUR 0.90.

Note 18 Share-based compensation

Employee share options

The following table summarizes information about the stock options outstanding at 31 December 2006. All the mentioned options are stock option rights on ordinary shares of Teleplan International N.V.

Options outstanding	Number outstanding	Exercise price (EUR)	Remaining life (years)
2002	235,000	6.16	0–1
2003	180,000	6.36	0–1
2004	100,000	1.00	0–2
2005	1,105,000	2.33	2–6
2006	1,071,500	2.16	3–7
Total	2,691,500	2.82	

A summary of the status of the Company's stock option plan at 31 December 2006 and changes during the year then ended is presented below:

Number of stock options	2006	2005
Outstanding at 1 January	1,848,000	1,096,750
Granted	1,169,500	1,153,000
Allocated	-	-
Exercised	-	-
Forfeited	(326,000)	(401,750)
Outstanding at 31 December	2,691,500	1,848,000

Board members and former board members held 1,800,000 options at 31 December 2006 (2005: 1,440,000). Other employees held 891,500 options at 31 December 2006 (2005: 408,000).

In 2006, in accordance with IFRS 2, the Group has accounted for an employee benefit expense of EUR 1,385,175 (2005: EUR 356,000) and an increase of equity of EUR 1,385,175 (2005: EUR 356,000) in connection with the options granted in 2006.

The fair value of equity-settled share options granted is estimated at the date of grant using the Black & Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 December 2006.

Dividend yield (%)	0
Expected volatility (%)	45.6
Historical volatility (%)	45.6
Risk-free interest rate (%)	3.99–4.06
Expected life of option (years)	5.8–7.0
Weighted average share price (EUR)	2.26–2.34

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of option grants were incorporated into the measurement of fair value.

Retention Stock Appreciation Rights

Due to the introduction of Teleplan's Management Equity Incentive Plan, Teleplan's Retention Stock Appreciation Rights (RSARs) program, which was intended as a retention incentive mechanism for key employees on a world-wide basis, has lost its function as such. This retention program was a cash-based bonus program, dependent on the future development of the Teleplan share price ("phantom options"). During 2006 and 2005 no RSARs have been granted. The RSARs granted in 2003 can be exercised only after 1 April 2005 until 31 March 2007, after which they will expire.

Note 19 Borrowings

(Amounts in thousands of EUR)

	2006	2005
Variable rate loan in USD	28,058	34,535
Variable rate loan in EUR	34,485	38,287
Variable rate loan in GBP	3,087	3,034
Variable rate loan in MYR	896	1,790
Variable rate interest-bearing loans	66,526	77,646
Netting of fair value of the warrants issued in December 2004	(507)	(1,013)
Other borrowings	177	101
Total borrowings	66,196	76,734
The borrowings are repayable as follows:		
Within one year	66,196	8,176
Later than one year but not later than five years	-	68,558
After five years	-	-
	66,196	76,734

The company has a multi-currency credit facility (in EUR, USD and GBP) provided by a group of financial institutions and a private lender. At 31 December 2006, the facility amounts to EUR 68.5million from which the Group has drawn EUR 65.6million and EUR 1.0million is used for guarantees issued on behalf of Teleplan. The maturity of this credit facility was 23 December 2007. In a supplementary agreement signed on 21 March 2007 the parties have agreed to change the maturity date to 10 July 2008. The repayment scheme has been changed to EUR 1.9million at the end of each of the first three quarters of 2007 and EUR 3.8million at year end 2007 and the end of the first quarter 2008.

The Company is subject to financial covenants which are customary for this type of financing. The covenants consist of minimum EBITDA, Net Debt/EBITDA ratios, maximum Cash Restructuring Cost, maximum Capital Expenditures, maximum IT Cost and Interest Cover ratios. The covenants are tested on a quarterly basis.

The interest costs for the lending facilities consist of EURIBOR for Euro loans and LIBOR for US Dollar loans plus an applicable margin of ranging from 2.25 % in the first quarter of 2006 to 4 % in the fourth quarter of 2006. The margin increase is the result of the Group not meeting its obligations under the terms of the Override Agreement in the fourth quarter of 2005 and the third quarter of 2006. The weighted average interest rate on borrowings in 2006 was 6.89 %.

In connection with this credit facility several Group companies have provided securities on – among others – equipment, inventories and receivables for the credit facilities granted. Also the shareholdings in several group companies as well as intercompany receivables on individual group companies have been pledged.

A Group company has a loan denominated in Malaysian Ringits, which is secured by a mortgage on the land and buildings of Teleplan Technology Services Sdn Bhd in Penang/Malaysia.

Note 20 Retirement benefit obligations

The Group employs several defined benefit plans. In addition, a subsidiary company participates in a multi-employer industry-wide pension plan. The industry-wide pension fund is not able to provide the company stand-alone disclosure information required under IAS 19. Therefore, this industry-wide

plan has been treated as a defined contribution plan. Under these plans employees are entitled to pension benefits upon retirement. The amounts recognized in the income statement are as follows:

(Amounts in thousands of EUR)	2006	2005
Service costs	51	129
Interest costs	140	236
Return on plan assets	(26)	(5)
Actuarial gains and losses	(32)	-
Amortization of actuarial amounts	-	-
Plan curtailments and settlements	(1,514)	-
Expense on employee benefit obligations	(1,381)	360
Gain on divested obligation	-	-
Expense on defined contribution plans	1,583	1,410
Total expense on pension obligations	202	1,770

All defined benefit plans necessitate actuarial computations and valuations. These are based on life expectancy but also on the following parameters, which vary from country to country according to economic conditions:

(Amounts in thousands of EUR)	2006	2005
Discount rate	4% to 5%	4% to 5%
Projected future remuneration increases	2% to 3%	2% to 3%
Projected future pension increases	2%	1% to 2%
Projected return on plan assets	4%	5%

The amounts in the balance sheet are as follows:

(Amounts in thousands of EUR)	2006	2005
Present value of funded obligations	1,380	1,370
Fair value of plan assets	578	590
Funded status	802	780
Present value of unfunded obligations	2,177	3,867
Unrecognized actuarial gains	348	492
	3,327	5,139

The movements recognized in the net liability in the balance sheets are as follows:

(Amounts in thousands of EUR)	2006	2005
Beginning of the year	5,139	4,714
Net expense	(1,715)	360
Contributions paid	(122)	(45)
Acquisitions	-	-
Fair value adjustment	-	109
Divestitures	-	-
Transfer of funds to plan assets	25	-
Translation differences	0	1
	3,327	5,139

Note 21 Provisions

The provision for restructuring relates principally to the downsizing and closing of sites in Europe.

(Amounts in thousands of EUR)	Restructuring	Other	Total
Balance as of 1 January 2006	5,531	1,141	6,672
Additions	10,243	-	10,243
Utilized	(4,720)	(1,141)	(5,861)
Exchange rate adjustment	(87)	-	(87)
Balance as of 31 December 2006	10,967	-	10,967
Current, payable in 2007	9,279	-	9,279
Non current, payable after 2007	1,688	-	1,688
	10,967	-	10,967
Current 2005	4,743	1,141	5,884
Non current 2005	788	-	788
	5,531	1,141	6,672

In 2006 the Group decided to restructure the Havant and Zoetermeer sites. The cost associated with this restructuring amounts to EUR 10.2 million and consists of redundancy cost and property related costs. Under a social plan agreed with the unions, employees made redundant in the Zoetermeer site in 2006 are entitled to redundancy payments.

Note 22 Trade and other payables

(Amounts in thousands of EUR)	2006	2005
Trade payables	32,873	38,473
Other tax and social securities	3,651	2,216
Other payables and accrued liabilities	10,379	12,405
	46,903	53,094

Note 23 Commitments and contingencies

Operational lease / rental agreements

The Group leases facilities, equipment, office space and cars. At 31 December 2006, the minimum lease commitments are as follows:

(Amounts in thousands of EUR)

2007	9,120
2008	6,003
2009	5,218
2010	2,556
2011	1,951
Thereafter	8,638
Total	33,486

Service agreements

Commitments under various long-term service agreements regarding facility services and IT infrastructure management services are as follows:

(Amounts in thousands of EUR)

2007	2,494
2008	2,254
2009	2,254
2010	2,254
2011	2,254
Thereafter	16,647
Total	28,157

Bank guarantees

At 31 December 2006 bank guarantees and letters of credit issued on behalf of the Group amounted to a total of EUR 3.7 million (2005: EUR 6.0 million).

Litigation

Teleplan International N.V. or one of its subsidiaries is, from time to time, involved as plaintiff or defendant in litigation arising in the normal course of business. Management has the opinion that there is no reason to assume that the claims

will entail any material risk to the financial position of the Company.

Tax contingencies

In certain legal jurisdictions Teleplan is engaged in discussions with tax authorities. This is considered as part of the normal financial operations of the Group. Teleplan has an active policy to reduce the global tax expense, within the opportunities and the boundaries set by international tax regulation on transfer pricing.

Note 24 Related party disclosures

The consolidated financial statements include the financial statements of Teleplan International N.V. and the subsidiaries listed in the following table.

Name	Equity participation
Teleplan Holding Europe B.V., Zoetermeer, The Netherlands	100%
Teleplan Holding Asia B.V., Zoetermeer, The Netherlands	100%
Teleplan Central Europe Holding B.V., Zoetermeer, The Netherlands	100%
Teleplan Communications B.V., Zoetermeer, The Netherlands	100%
Teleplan & White Electronics B.V., Zoetermeer, The Netherlands	100%
Teleplan Service Solutions Asia B.V., Zoetermeer, The Netherlands	100%
Teleplan Colchester Ltd., Colchester, United Kingdom	100%
Teleplan Computer Services Ltd., Havant, United Kingdom	100%
Teleplan Germany GmbH, Weiterstadt, Germany	100%
Teleplan Rhein-Main GmbH, Weiterstadt, Germany	100%
Teleplan Repair 2000 GmbH, Norderstedt, Germany	100%
Teleplan Polska Sp. z o.o., Bydgoszcz, Poland	100%
Teleplan Prague s.r.o., Prague, Czech	100%
Teleplan Holding USA, Inc., California, USA	100%
Teleplan Service Logistics, Inc., California, USA	100%
ESL Technologies, Inc., California, USA	100%
ESL Canada Ltd., Toronto, Canada	100%
Teleplan Service Solutions, Inc., California, USA	100%
Teleplan Videocom Solutions, Inc., California, USA	100%
Teleplan Computer Services Georgia, Inc., Georgia, USA	100%
Teleplan Services Texas, Inc., Texas, USA	100%
Teleplan Wireless Services, Inc., Minnesota, USA	100%
Teleplan Nominee, Inc., California, USA	100%
Teleplan Services Ohio, Inc., Ohio, USA	100%
Teleplan Services Oregon, Inc., Oregon, USA	100%
Teleplan de Mexico S.A. de C.V., Reynosa, Mexico	100%
Tecnomex Industrial S.A. de C.V., Mexicali, Mexico	100%
Teleplan Technology Services Sdn Bhd, Penang, Malaysia	100%
Teleplan Technologies (Suzhou) Co. Ltd., Suzhou, China PR	100%
Teleplan Electronic Technology (Shanghai) Co. Ltd., Shanghai, China PR	100%

Dormant companies and companies in liquidation:

Name	Equity participation
Teleplan Communications Holding B.V., Zoetermeer, The Netherlands	100%
Teleplan Communication Services SAS, France	100%
NATI EURL, France	100%
Teleplan & K'Litex Sarl, France	100%
Teleplan AVC GmbH, Cologne, Germany	100%
ANTA Servicepartner AB, Sweden	100%
Teleplan Ireland Ltd., Ireland	100%
RFJ Industries, Inc., California, USA	100%
Teleplan Technology (Thailand) Ltd., Thailand	100%
Teleplan Taiwan Ltd., Taiwan	85%
Teleplan Technologies KK, Japan	70%

In 2006 and 2005 Teleplan has not performed any acquisitions.

Remuneration of the Management Board and Supervisory Board

The remuneration including pension costs of present and former members of the Management Board amounted to EUR 0.9 million (2005: EUR 1.8 million). In the financial year, 540,000 stock option rights were allocated to the members of the Management Board (2005: 660,000). At 31 December 2006 present and former members of the Management Board held 1,800,000 stock option rights at a weighted average exercise price of EUR 2.78 (see note 18) for further information on stock options).

At 31 December 2006 members of the Management Board held 450,000 ordinary shares of Teleplan International N.V. (at 31 December 2005: 400,000 shares).

In accordance with their employment contract members of the Management Board are entitled to receive a cash bonus and stock options for exceeding the performance targets set by the Supervisory Board. All members of the Management Board have a company car at their disposal or receive a car allowance.

The summary of salaries and other amounts paid to the members of the Management Board is:

(Amounts in thousands of EUR)	2006	2005
M. Twaalfhoven ¹⁾	453	315
G. Haug	335	350
P. Wagenaar ²⁾	-	850
R. Huber ³⁾	-	320
Total	788	1,835

¹⁾ Mr. M. Twaalfhoven joined Teleplan on 17 June 2005.

²⁾ Mr. P. Wagenaar left the Company on 15 November 2005.

³⁾ Mr. R. Huber served the Management Board until 17 June 2005.

Salaries and other payments in 2005 to the former Management Board member Mr. P. Wagenaar included a severance payment of EUR 500,000.

The remuneration of the members of the Supervisory Board amounted to EUR 215,000 (2005: EUR 274,000). At 31 December 2006 and 31 December 2005, the members of the Supervisory Board did not hold ordinary shares of Teleplan International N.V.

The summary below indicates the remuneration of the members of the Supervisory Board:

(Amounts in thousands of EUR)	2006	2005
R. Westerhof ¹⁾	27	-
F. van der Zee	40	54
A. Schmassmann	40	40
G. Kellinghusen	40	42
H. Schmitz ²⁾	68	8
R. Huber ³⁾	-	50
J. Anttila ⁴⁾	-	80
Total	215	274

¹⁾ At the Extraordinary Shareholders' Meeting of 18 May 2006, Mr. R. Westerhof was appointed as member of the Teleplan Supervisory Board. After Mr. H. Schmitz resigned from the Supervisory Board on 6 November 2006, the Supervisory Board elected Mr. R. Westerhof as the new chairman.

²⁾ At the Extraordinary Shareholders' Meeting of 16 November 2005, Mr. H. Schmitz was appointed as member and chairman of the Teleplan Supervisory Board. On 6 November 2006 Mr. H. Schmitz resigned from the Supervisory Board.

³⁾ On 6 January 2006 Mr. R. Huber resigned from the Supervisory Board.

⁴⁾ Mr. J. Anttila resigned from the Supervisory Board effective as of 16 November 2005.

The summary below provides information on option holdings of the individual members of the Management Board as per 31 December 2006.

	M. Twaalfhoven	G. Haug	Former Board members	Total
Outstanding at 1 January 2006	600,000	60,000	780,000	1,440,000
Granted	350,000	190,000	-	540,000
Allocated	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	(180,000)	(180,000)
Outstanding at 31 December 2006	950,000	250,000	600,000	1,800,000
Average exercise price	2.25	2.24	3.86	2.78
Last year of expiration	2013	2013	2010	2013

Compensation of key management personnel of the Group

The compensation of key management personnel of the Group, excluding the members of the Management Board is as follows:

(Amounts in thousands of EUR)	2006	2005
Short term employment benefits	1,817	1,318
Post employment pension benefits	56	53
Share based payments	477	72
Total compensation paid to key management personnel	2,350	1,443

Note 25 Financial risk management objectives and policies

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group's exposure to these risks and the action that the Group has taken to reduce these risks is outlined below.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange rate risk arising from various currency exposures primarily with respect to the US Dollar. Using currency borrowings mitigates part of the currency exposure.

The Group has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

Interest rate risk

The Group is exposed to interest rate risk from its interest-earning financial assets and interest bearing liabilities. At the end of the year none of the Group's interest-bearing liabilities are subject to fixed rates.

Credit risk

The Group is exposed to credit risk from its cash deposits and receivables. The credit risk on cash deposits is limited because the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies. Trade receivables are subject to credit evaluations. An allowance has been made for estimated irrecoverable amounts, which has been determined by reference to past default experience and the current economic environment.

The Company is not exposed to any significant concentration of credit risk, because its exposure is spread over several financial institutions. The maximum amount of credit risk is represented by the carrying amounts of the financial assets.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Note 26 Financial instruments

Fair value of financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

(Amounts in thousands of EUR)	Carrying amount		Fair value	
	2006	2005	2006	2005
Cash	10,626	20,918	10,626	20,918
Long-term borrowings	-	68,558	-	56,506
Convertible bonds	7,123	10,569	7,123	10,569
Short-term borrowings	66,196	8,176	66,196	8,176

The carrying value and the fair value of the convertible bonds are calculated on the basis of the principle outlined in Note 16. The fair value of the long-term borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

Interest rate risk

The Group's variable rate borrowings (Note 19) are exposed to interest rate risk. The current multi-currency facility expiring at the end of 2007 has been extended to 10 July 2008 through an agreement signed on 21 March 2007. The total amount of drawn under the facility as at 31 December 2006 amounts to EUR 65.6 million.

At 31 December 2005 the total amount drawn under the facility was EUR 75.8 million, of which EUR 7.5 million was due in 2006 and EUR 63.8 million is due in 2007.

Interest on financial instruments classified as variable rate loans is repriced at interval of less than one year.

Hedging activities

As at 31 December 2006 there were no outstanding forward exchange contracts. At 31 December 2005, the Group held a forward exchange contract with maturity 3 January 2006, selling USD 2,606,850 and buying GBP 1,500,000 at a USD/GBP exchange rate of 1.7379.

Credit risk

There are no significant concentrations of credit risk within the Group.

Note 27 Events after the balance sheet date

On 21 March 2007 the parties to the Company's credit facilities have agreed to change the maturity date of the facilities to 10 July 2008. The repayment scheme has been changed to EUR 1.9 million at the end of each of the first three quarters of 2007 and EUR 3.8 million at year end 2007 and the end of the first quarter 2008. The agreement is subject to the Group meeting certain conditions before 30 April 2007. The Management Board is confident that these conditions will be met.

In the Extraordinary General Meeting held on 21 March 2007, the shareholders have approved the increase of the authorized share capital

to 63,800,000 shares or EUR 15,950,000. On 28 March 2007 the Company announced the issuance of 5,432,225 new shares. The offering is structured as a non public offering of non-transferable pre-emptive rights to existing shareholders. The subscription price for the new shares will be EUR 1.10.

On 21 March 2007 all holders of the convertible bonds have converted a total of 10,824,561 bonds into 12,027,289 ordinary shares of the Company. These shares were issued on 26 March 2007.

Zoetermeer, 27 April 2007
Teleplan International N.V.
The Management Board

To the shareholders of Teleplan International N.V.**AUDITOR'S REPORT****Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements 2006 which are part of the financial statements of Teleplan International N.V., Amsterdam, which 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.

Management's responsibility

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Teleplan International N.V. as at 31 December 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

We draw attention to the continuity of operations note in the consolidated financial statements which refers to the uncertainty as to the Company's ability to continue as a going concern. However, the explanation provided shows that it is not impossible that the business operations will be maintained in the longer term. As a consequence, the accounting principles applied are based on the assumption that the Company will be able to continue as a going concern. 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 consolidated financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, 27 April 2007
for Ernst & Young Accountants

Signed by W.T Prins

Financial Calendar

30 April 2007	Release of final (audited) results 2006
10:00 a.m. (CET)	Press conference annual accounts 2006 and analysts' meeting annual accounts 2006 Frankfurt / Main
3 May 2007	Release of first quarter figures 2007 Release of three-month-report 2007
16 May 2007	Annual General Shareholders Meeting (AGM) Amsterdam
26 July 2007	Release of half-year figures 2007 Release of six-month-report 2007
25 October 2007	Release of nine-month-report 2007



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Teleplan International N.V.

Company Financial Statements 2006

Company Income Statement

As the company financial information of Teleplan International N.V. is included in the consolidated financial statements, the company income statement is presented in abridged form in accordance with Article 402, Book 2 of the Dutch Civil Code.

(Amounts in thousands of EUR)

	2006	2005
Income / (loss) from subsidiaries after tax	(7,403)	(15,350)
Other income and expenses after tax	(675)	(196)
Net result	(8,078)	(15,546)

Company Balance Sheet

(After appropriation of net result)

(Amounts in thousands of EUR)	Notes	31 December 2006	31 December 2005
Assets			
Non-current assets			
Intangible assets	29	6,461	8,390
Property, plant & equipment	30	301	917
Financial fixed assets	31	78,272	89,753
Total non-current assets		85,034	99,060
Current assets			
Receivables	32	29,470	32,449
Tax and social security		26	228
Cash and cash equivalents		3,563	11,772
Total current assets		33,059	44,449
Total assets		118,093	143,509

	Notes	31 December 2006	31 December 2005
Equity & Liabilities			
Equity attributable to the equity holders of the company	33		
Issued capital		10,574	8,388
Share premium		141,579	134,717
Retained earnings		(100,067)	(93,494)
Currency translation reserve		(46,777)	(40,045)
Convertible bonds – equity component		5,450	9,273
Share warrants		1,400	1,520
Total equity		12,159	20,359
Non-current liabilities	35		
Long-term borrowings		-	67,343
Convertible bonds – debt component		7,123	10,569
Provision for consolidated subsidiaries	34	11,308	19,682
Total non-current liabilities		18,431	97,594
Current liabilities			
Short-term borrowings	35	65,123	7,500
Other liabilities	36	22,380	18,056
Total current liabilities		87,503	25,556
Total Liabilities		105,934	123,150
Total equity and liabilities		118,093	143,509

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Note 28 General

The Company Financial Statements of Teleplan International N.V. have been prepared in accordance with Dutch Generally Accepted Accounting Principles and the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. In the Company Financial Statements, Teleplan International N.V. refers to the stand-alone legal entity. The accounting policies are the same as those used for the consolidated financial statements, in accordance with the provisions of article 2:362.8 of the Dutch Civil Code, except for investments in group companies which are carried at net asset value.

Note 29 Intangible assets

The movement in intangible fixed assets is as follows:

(Amounts in thousands of EUR)	Goodwill	Other assets	Total
Balance 1 January 2006:			
Cost	1,419	13,555	14,974
Accumulated impairment and amortization	-	(6,584)	(6,584)
Book value	1,419	6,971	8,390
Changes in book value:			
Additions	-	-	-
Amortization charge	-	(1,929)	(1,929)
Book value 31 December 2006	1,419	5,042	6,461
Balance 31 December 2006:			
Cost	1,419	13,555	14,974
Accumulated impairment and amortization	-	(8,513)	(8,513)
Book value	1,419	5,042	6,461
Amortization rates		10% - 20%	

With effect from 1 January 2005 the Group has adopted IFRS Statement 3. In accordance with the transitional provisions of the statement, the carrying amount of accumulated amortization and impairment as at 1 January 2005 has been eliminated against the carrying amount of goodwill.

As from 1 January 2005, the date of adoption of IFRS 3, goodwill is no longer amortised but is now subject to annual impairment testing.

Reference is made to note 10 of the consolidated financial statements for a discussion of the impairment testing of goodwill.

Other intangible assets mainly consist of licenses and development and implementation activities in relation to Teleplan's ERP platform.

(Amounts in thousands of EUR)	Goodwill	Other assets	Total
Balance 1 January 2005:			
Cost	2,866	13,548	16,414
Accumulated impairment and amortization	(1,447)	(4,596)	(6,043)
Book value	1,419	8,952	10,371
Changes in book value:			
Additions	-	7	7
Amortization charge	-	(1,988)	(1,988)
Book value 31 December 2005	1,419	6,971	8,390
Balance 31 December 2005:			
Cost	1,419	13,555	14,974
Accumulated impairment and amortization	-	(6,584)	(6,584)
Book value	1,419	6,971	8,390
Amortization rates		10% - 20%	

Note 30 Property, Plant and Equipment

The movement in property, plant and equipment is as follows:

(Amounts in thousands of EUR)	Equipment and other assets
Balance 1 January 2006:	
Cost	1,780
Accumulated depreciation	(863)
Book value	917
Changes in book value:	
Additions	5
Depreciation charge	(621)
Book value 31 December 2006	301
Balance 31 December 2006:	
Cost	1,785
Accumulated depreciation	(1,484)
Book value	301
Depreciation rates	10%-33%

	Equipment and other assets
(Amounts in thousands of EUR)	
Balance 1 January 2005:	
Cost	1,777
Accumulated depreciation	(235)
Book value	1,542
Changes in book value:	
Additions	3
Depreciation charge	(628)
Book value 31 December 2005	917
Balance 31 December 2005:	
Cost	1,780
Accumulated depreciation	(863)
Book value	917
Depreciation rates	10%-33%

Note 31 Financial fixed assets

The movement in financial fixed assets is as follows:

	Investments in group companies	Net receivables from group companies	Total financial fixed assets
(Amounts in thousands of EUR)			
Balance at 1 January 2006	(84,031)	154,102	70,071
Net result after tax	(7,403)	-	(7,403)
Recapitalizations	91,029	-	91,029
Movement in receivable balances	-	(84,301)	(84,301)
Translation differences	(2,432)	-	(2,432)
Balance at 31 December 2006	(2,837)	69,801	66,964
Reported as Financial fixed assets			78,272
Reported as Provision for subsidiaries			(11,308)
			66,964

(Amounts in thousands of EUR)	Investments in group companies	Net receivables from group companies	Total financial fixed assets
Balance at 1 January 2005	(68,162)	125,709	57,547
Net result after tax	(15,350)	-	(15,350)
Movement in receivable balances	-	28,393	28,393
Translation differences	(519)	-	(519)
Balance at 31 December 2005	(84,031)	154,102	70,071
Reported as Financial fixed assets			89,753
Reported as Provision for subsidiaries			(19,682)
			70,071

The investments in group companies have been accounted for at their net asset value in conformity with the accounting policies set out in the consolidated financial statements.

Group companies with a negative net asset value not exceeding the receivable from that group company are reported as financial fixed assets. The Company will account for a provision if the negative net asset value of a group company exceeds the receivable from that group company.

For a list of subsidiaries reference is made to note 24 of the consolidated financial statements as well as to note 34 below.

Note 32 Receivables

(Amounts in thousands of EUR)	2006	2005
Receivables from consolidated companies	29,229	31,972
Other receivables	241	477
Total receivables	29,470	32,449

Note 33 Equity

For the movement in equity in 2006 reference is made to the consolidated statement of changes in shareholders' equity and note 15 of the consolidated financial statements.

Note 34 Provisions

The provision for consolidated subsidiaries is solely related to group companies where the negative net asset value exceeds the receivable from those group companies.

Note 35 Non-current liabilities

Reference is made to notes 16 and 19 of the consolidated financial statements.

Note 36 Other liabilities

(Amounts in thousands of EUR)

	2006	2005
Liabilities to consolidated companies	18,172	12,084
Other liabilities	4,208	5,972
Total other liabilities	22,380	18,056

Note 37 Commitments and contingencies

Several liability

The Company has issued a liability statement pursuant to article 403, Book 2 of the Dutch Civil Code in respect of the consolidated subsidiaries Teleplan Holding Europe B.V., Teleplan Communications B.V., Teleplan & White Electronics B.V., Teleplan Holding Asia B.V. and Teleplan Service Solutions Asia B.V.

Fiscal entity

Teleplan International N.V. and its wholly owned subsidiaries in the Netherlands, Teleplan Holding Europe B.V., Teleplan Central Europe Holding B.V., Teleplan Communications B.V., Teleplan & White Electronics B.V., Teleplan Holding Asia B.V. and Teleplan Service Solutions Asia B.V. form a fiscal entity for corporate income tax purposes. Consequently, the companies included in the fiscal entity are jointly liable for the tax liabilities of the fiscal entity.

Note 38 Remuneration of the Management Board and Supervisory Board

For the remuneration of the Management Board and the Supervisory Board reference is made to note 24 of the consolidated financial statements.

Note 39 Events after the balance sheet date

Reference is made to note 27 of the consolidated financial statements.

Zoetermeer, 27 April 2007
Teleplan International N.V.
The Management Board

Mark Twaalfhoven
Gotthard Haug

Other information

Appropriation of net income

Statutory regulations concerning profit appropriation

Article 25 of the Articles of Association concerning dividends and retention of profits determines:

1. Distribution of profits may only be made after adoption of the annual report, from which it appears that the equity of the Company exceeds the amount of the called and paid in part of share capital, increased with the reserves that should be maintained pursuant to the law.
2. The Management Board, with the approval of the Supervisory Board, shall determine which part of net profit will be retained.
3. The balance of the profit available for distribution shall be made available to the General Meeting of Shareholders for distribution to the shareholders in proportion to the number of shares they hold in the Company.
4. With the prior approval of the Supervisory Board the Management Board may decide already before confirmation of the annual report of any financial year on account of dividend to be expected in the financial year concerned to distribute one or more interim dividends, provided it appears from an interim statement of the assets and liabilities of the Company signed by the Management Board as referred to in article 2:105 paragraph 4 of the Dutch Civil Code that the requirement referred to in paragraph 1 of this article regarding the equity position has been satisfied.
5. No profit shall be distributed on shares that the Company holds in its own capital unless a usufruct has been created in these shares. When calculating the allocation of profit, the shares that the company holds in its own capital and on which no profit may be distributed, shall be excluded.

Article 26 of the Articles of Association concerning payments on shares charged against reserves determines:

1. Following a proposal made by the Management Board approved by the Supervisory Board, the General Meeting of Shareholders may decide that a distribution of dividend is made entirely or partially in shares in the Company.
2. Following a proposal made by the Management Board approved by the Supervisory Board, the General Meeting of Shareholders may decide that a distribution of dividend can be made against the share premium reserve or freely distributable reserves. These distributions may also be made entirely or partially in shares in the Company.

Proposed appropriation of net result

It is proposed to the General Meeting of Shareholders to deduct the net income for the year ended 31 December 2006 from retained earnings. This proposal has already been incorporated in the financial statements.

To: the shareholders of Teleplan International N.V.

AUDITOR'S REPORT

Report on the company financial statements

We have audited the accompanying company financial statements 2006 which are part of the financial statements of Teleplan International N.V., Amsterdam, which comprise the balance sheet as at 31 December 2006, the 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 company financial statements and for the preparation of the management board report both 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 company 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 company 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 company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company 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 company 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 company financial statements.

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

Opinion

In our opinion, the company financial statements give a true and fair view of the financial position of Teleplan International 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 continuity of operations note in the consolidated financial statements which refers to the uncertainty as to the Company's ability to continue as a going concern. However, the explanation provided shows that it is not impossible that the business operations will be maintained in the longer term. As a consequence, the accounting principles applied are based on the assumption that the Company will be able to continue as a going concern. 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 company financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, 27 April 2007

for Ernst & Young Accountants

Signed by W.T Prins