



BRAIN FORCE-Group

Ratios by segment as
at June 30, 2007

	German region	Central and Eastern European region	South West European region	North European region	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	22,841,493.99	6,080,333.51	14,190,248.81	4,637,574.19	0.00	47,749,650.50
Segment operating result before segment depreciation and amortisation (EBITDA)	412,014.90	251,155.31	1,605,135.46	579,453.57	-1,551,729.45	1,296,029.79
Segment depreciation and amortisation	8,323,534.58	314,196.23	885,395.43	2,481,032.66	35,980.83	12,040,139.73
Segment operating result	-7,911,519.68	-63,040.92	719,740.03	-1,901,579.09	-1,587,710.28	-10,744,109.94
Financial result						-184,494.06
Share in profit of associates					-18,627.57	-18,627.57
Result before income taxes						-10,947,231.57
Income taxes						255,635.02
Result for the period						-10,691,596.55
Segment assets	23,521,698.23	3,734,076.88	19,286,180.19	9,331,390.00	16,836,131.08	72,709,476.38
Segment liabilities	7,355,403.24	2,342,404.96	12,445,575.71	2,268,604.00	14,836,416.29	39,248,404.20
Segment capital expenditure	1,041,200.92	21,817.90	252,924.89	384,877.87	26,569.35	1,727,390.93

Earnings per share EUR -0.70

Semi annual report 2007 – BRAIN FORCE HOLDING AG

Foreword by the
Chief Executive Officer



Ladies and gentlemen, Shareholders,

Business development in the first half year 2007 led to our forecast for the current financial year having to be revised and balance sheet restructuring measures carried out.

The Enterprise Services and Business Solutions sectors contributed to the positive operating result but this was negatively affected by the technology and infrastructure sector to a considerable extent. Against this background, we have taken determined steps and initiated changes both on the cost side and in terms of the structural set-up.

These measures and the enlargement of our product portfolio by the acquisition of SolveDirect which is more important than ever in this situation will, from today's perspective, bring us back into profit next year.

Yours sincerely,

A handwritten signature in blue ink that reads "Helmut Fleischmann". The signature is written in a cursive, flowing style.

Helmut Fleischmann
Chief Executive Officer

Semi annual report 2007

Sales and revenue situation

Even though the operating result (EBITDA) in the second quarter picked up slowly, product sales and related project business in the technology and infrastructure sectors in Germany clearly fell short of expectations. This affected both licence sales in Germany and the set-up of a partner distribution network based in Germany.

This development led to value adjustments of fixed assets totalling EUR 9.3 million relating to BRAIN FORCE B.V., Netherlands, and to BRAIN FORCE Frankfurt GmbH and BRAIN FORCE Software GmbH, both in Germany. This reduction relates exclusively to the technology and infrastructure sectors.

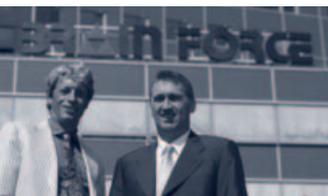
Enterprise Services including Managed Services and Business Solutions including *BRAIN FORCE FINAS Suite* solutions are not affected.

As a compensating measure, an extensive cost cutting programme was introduced which includes layoffs and reductions in marketing expenditure. The restructuring costs will be applied in Q3, 2007, but relief will become effective to some extent as early as in Q4.

On the management board of German BRAIN FORCE Software GmbH, the Managing Director in charge of the successful Business Solutions segment was assigned full operating responsibility. The partner distribution network was completely re-organised and an experienced manager from the telecommunications industry was appointed to run the network.

Group net sales in Q2, 2007 amounted to EUR 24.19 million which was 2.7 percent above the first quarter (EUR 23.56 million). Also EBITDA shows an increase. As compared with the previous quarter, it rose from EUR 0.40 million to EUR 0.90 million. EBIT is EUR -10.05 million. On a half-year basis, net sales underwent a YoY growth of 11.3 percent to EUR 47.75 million. EBITDA is EUR 1.30 million (previous year: EUR 3.26 million) and EBIT amounts to EUR -10.74 million (previous year: EUR 1.61 million).

Cost cutting programme
in hand





Global marketing by sales partners

Developing the growth market ‘Software as a Service’

By taking over Austrian SolveDirect.com Internet-Service GmbH, Vienna, the group has become established in the growth market of ‘Software as a Service (SaaS)’, thereby completing its IT management suite. SolveDirect has a large number of highly respected customers and IT partnerships and is expected to achieve net sales of EUR 5 million in 2007. While SolveDirect will be consolidated into the BRAIN FORCE Group from July 2007 onwards, SolveDirect’s management will be at the company’s disposal to actively assist in integration of the firm.

With this take-over, BRAIN FORCE establishes its position in a clear growth segment with a net sales volume of some EUR 1 billion in Europe alone and with an expected annual growth rate of approx. 25 percent.

With its IT management suite, which is now being offered as ‘Software as a Service’, BRAIN FORCE considerably reduces the customer sales cost and achieves a further major reduction in the duration of implementation. Another benefit of the SaaS concept is the fact that the solutions can now be marketed worldwide by sales partners. This means that there is no need any more to build integration know-how, which reduces costs and greatly enhances the appeal to customers.

The offer is particularly well received by medium-sized companies. BRAIN FORCE is now able to provide its IT management suite to them very easily and flexibly as a service. The group assumes complete responsibility for software operation, and individual customers need not build up the know-how or dedicate resources to this, which makes our offer even more attractive.



Development in primary segments

BRAIN FORCE is a truly international company and has therefore grouped its primary segments by countries and regions, i.e.:

- ▶ German region (only Germany)
- ▶ South West European region including Italy, Switzerland, Spain and Portugal
- ▶ Central and Eastern European region including Austria, Czech Republic, Slovakia, and the remaining Eastern European countries
- ▶ North European region including the Netherlands, Belgium, Luxemburg, Denmark, Norway, Sweden, Finland and Great Britain.

The German region in the first half year achieved net sales of EUR 22.84 million, thereby remaining the strongest region for the holding company representing almost half of group net sales, i.e., 47.8 percent. Net sales increased over the comparable period of the previous year by 16.9 percent (previous year: EUR 19.5 million). EBITDA was EUR 0.41 million (previous year: EUR 2.37 million).

As compared with the previous quarter, the German company saw an increase in business activity in the Enterprise Services and Business Solutions sectors and was able to win new projects with both existing and new customers. For example, the contract with one of Germany's major mobile phone providers was extended. Also, the number of IT consultants deployed to a global semiconductor company was doubled. What is more, a large investment adviser was won as a new customer. In the future, they will work with various quotation programmes from the *BRAIN FORCE FINAS Suite*. A German health insurance company opted for the successful product *BRAIN FORCE Vorsorgeoptimierer*, and a long-standing customer from the insurance industry further rationalised its customer administration with BRAIN FORCE.

Business development in the technology and infrastructure sectors, however, continued to be difficult. Only very few new orders came in.

The South West European region achieved net sales of EUR 14.19 million in the first six months which means 5.9 percent more than the corresponding period of the previous year (EUR 13.40 million). In this region, the group was able to clearly increase EBITDA which rose by 37.6 percent to EUR 1.61 million (previous year: EUR 1.17 million).

ES and BS show positive development

TI remains difficult

Positive improvement in the operating result in South West European region

15 percent net sales
growth in Central and
Eastern European region

In Italy, a Japanese electronics manufacturer was won as a customer, and a new information system based on Microsoft Dynamics CRM and AX was implemented. For a solutions provider for industrial automation, BRAIN FORCE Italy implemented Microsoft Dynamics NAV in the finance, sales and production departments. BRAIN FORCE Switzerland first implemented *Net Organizer* at the office of a regional tax authority.

The Central and Eastern European region achieved net sales of EUR 6.08 million, i.e., a 14.9 percent YoY increase (previous year: EUR 5.29 million). EBITDA was considerably increased over the previous year, i.e., from EUR 0.08 million to EUR 0.25 million.

The good performance was triggered by quite a few new customers. For instance, the Austrian subsidiary was able to secure a number of contracts in the banking, insurance and IT industries and also to enhance its good position in the public sector. BRAIN FORCE has been assigned responsibility for software maintenance, development and support for field applications for the IT department of one of Austria's largest insurance companies. The data centre of a large bank relies on BRAIN FORCE's expertise by having commissioned ATM software development to its IT provider, and an Austrian Federal Ministry placed an order for software support in the Java environment.

Stable net sales in North
European region

The North European region in the first half year achieved net sales of EUR 4.64 million which is slightly below the 2006 figure (EUR 4.67 million). EBITDA is EUR 0.58 million (previous year: EUR 0.84 million).

The Dutch division was able to secure some new customers in the licence and service business. For instance, a training provider decided in favour of *BRAIN FORCE ID-Suite* and *BRAIN FORCE Infrastructure Framework*. Furthermore, a large Application Management project was successfully continued and extended in preparation of outsourcing the complete IT landscape. As a result of partnerships with two IT service providers, major licence and service orders for Packaging Robot were generated.

Group overheads not allocated to regions amounted in the first six months to EUR 1.59 million (previous year: EUR 1.26 million). This increase is mainly due to the group's increased branding and marketing activities.





Orders

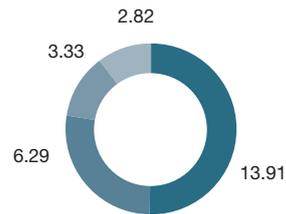
As at June 30, 2007, current orders at group level amounted to EUR 26.35 million, which is 27.6 percent more than in the previous year (EUR 20.64 million).

Orders by region:

- ▶ The German region has orders in hand of EUR 13.91 million (30.06.2006: EUR 10.20 million).
- ▶ The Central and Eastern European region has orders in hand of EUR 6.29 million (30.06.2006: EUR 7.31 million).
- ▶ The South West European region has orders in hand of EUR 3.33 million (30.06.2006: EUR 2.39 million).
- ▶ The North European region has orders in hand of EUR 2.82 million (30.06.2006: EUR 0.75 million).

Orders by regions

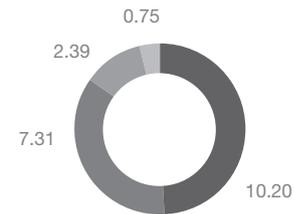
30.06.2007



in million EURO



30.06.2006



in million EURO



Net Organizer
supports Excel

Research and development

BRAIN FORCE has completed version 2.0 of *Packaging Robot*. The new version contains a proprietary repackaging engine and supports Microsoft Softgrid for application virtualisation, which is one of the major future markets in the complete IT management environment. Marketing will be launched late in August. Besides the further development of *BRAIN FORCE Desktop Manager*, version 2.1 of which will probably be launched in Q4, the *BRAIN FORCE ID-Suite* has been given a new look and feel and now fully matches the Group's corporate design.

The *Net Organizer* network infrastructure solution was amended by an Excel import feature. Now data which is available in Excel can be easily imported into the software which greatly speeds up data logging. What is more, users may now break down data historically. This enhances its suitability for external financial audit and improves the product's positioning in the market against the background of the fashionable concept of 'compliance'.

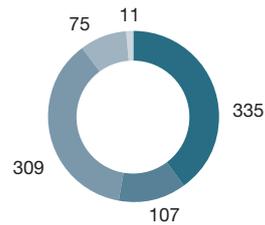
Human Resources

On June 30, 2007 there were altogether 837 salaried employees, i.e., 7.6 percent more than the comparable figure in the previous year (765). Furthermore, the group had 341 freelance employees. This represents an increase of 11.1 percent from June 30, 2006.

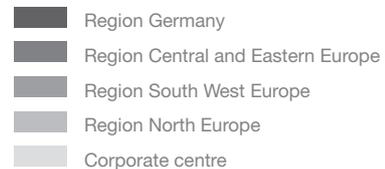
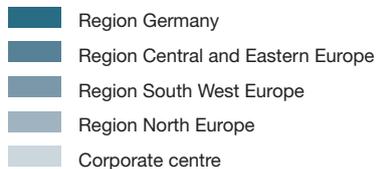
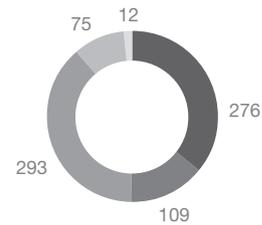
Staffing levels by region are as follows:

Staff by regions

30.06.2007



30.06.2006





Positive result expected
again in 2008

Anticipated developments

Due to the shortfall in net sales predictions and the resulting adjustments, the group has revised its forecast for financial year 2007 and now expects the following results: net sales of EUR 100 to 105 million, EBITDA of EUR 4.0 to 5.0 million, EBIT of EUR -9.0 to -11.0 million.

There is some uncertainty about the forecast which arises from the fact that restructuring measures have not yet been completed, from possible deviations from the forecast in terms of licence revenues as well as market risks in general.

From today's perspective, the cost cutting programme which is under way and the structural improvements in management and partner sales, as well as the efforts to strengthen the product portfolio in the technology and infrastructure sectors by the acquisition of SolveDirect, will bring the group into profit again in the 2008 financial year.

(From start to finish)

The procedures we adopt on our projects may be compared with those used in a motor race: thinking strategically, reacting quickly, being certain, trusting in success.



**RAIN
FORCE**

cerilikon
PROFESSIONAL SOLUTIONS

cerilikon



Semi annual report 2007

Consolidated balance sheet as at June 30, 2007

	30.06.2007	31.12.2006
Assets	EUR	EUR
Non-current assets		
Property, plant and equipment	1,916,132.45	1,614,067.54
Goodwill	12,038,150.93	21,304,952.48
Other intangible assets	6,795,294.77	10,487,375.37
Investments in associates	506,185.08	536,857.43
Financial assets	181,007.09	183,283.32
Other receivables and other assets	835,956.54	825,771.92
Deferred tax assets	5,014,008.89	4,768,958.28
	27,286,735.75	39,721,266.34
Current assets		
Inventories	445,944.02	337,613.25
Trade receivables	27,634,765.07	25,851,978.91
Financial assets	690,805.26	0.00
Other receivables and other assets	2,044,577.99	2,134,857.61
Cash and cash equivalents	14,606,648.29	13,533,836.72
	45,422,740.63	41,858,286.49
	72,709,476.38	81,579,552.83

	30.06.2007	31.12.2006
Equity and liabilities	EUR	EUR
Equity		
Equity attributable to equity holders of the parent		
Share capital	15,386,742.00	15,386,742.00
Reserves	24,459,860.89	24,475,469.55
Retained earnings	-4,300,469.14	8,365,027.23
Own shares	-2,085,061.57	-134,737.40
	33,461,072.18	48,092,501.38
Non-current liabilities		
Financial liabilities	10,397,560.12	547,814.99
Other liabilities	24,089.85	27,449.07
Provisions for post-employment benefits	3,265,665.66	3,881,526.73
Other provisions	494,606.00	3,155,240.00
Deferred tax liabilities	1,023,151.74	1,887,976.80
	15,205,073.37	9,500,007.59
Current liabilities		
Financial liabilities	2,184,451.99	1,999,157.99
Trade payables	8,513,074.09	8,520,498.38
Other liabilities	11,049,244.80	10,527,741.16
Tax provisions	1,862,925.95	1,698,344.33
Other provisions	433,634.00	1,241,302.00
	24,043,330.83	23,987,043.86
	72,709,476.38	81,579,552.83

Consolidated income statement for the period
January 1 - June 30, 2007

	quarterly report 01.04.2007 - 30.06.2007	quarterly report 01.04.2006 - 30.06.2006	6-months report 01.01.2007 - 30.06.2007	6-months report 01.01.2006 - 30.06.2006
	EUR	EUR	EUR	EUR
1. Net sales	24,188,805.14	20,766,150.62	47,749,650.50	42,904,951.82
2. Changes in work in progress	61,085.51	-6,012.71	49,761.38	80,022.92
3. Other own work capitalised	392,940.23	432,132.45	938,741.55	804,601.31
4. Other operating income	199,704.62	145,353.61	346,531.40	771,313.07
5. Material and cost of purchased services	-17,620,157.83	-14,561,061.47	-35,434,068.58	-30,461,281.96
6. Employee benefit costs	-4,012,116.03	-3,756,197.16	-8,077,911.61	-7,497,133.64
7. Depreciation and amortisation expense	-1,662,992.78	-848,271.24	-2,749,854.98	-1,651,022.29
8. Extraordinary depreciation expense	-9,290,284.75	0.00	-9,290,284.75	0.00
9. Other operating expense	-2,309,465.77	-1,739,802.52	-4,276,674.85	-3,344,213.42
10. Operating result	-10,052,481.66	432,291.58	-10,744,109.94	1,607,237.81
11. Financial income	235,402.44	153,411.70	403,322.82	224,156.19
12. Financial costs	-371,444.57	-66,377.90	-587,816.88	-166,207.36
13. Financial result	-136,042.13	87,033.80	-184,494.06	57,948.83
14. Share of profit of associates	-19,939.27	-10,118.21	-18,627.57	256,179.71
15. Result before income taxes	-10,208,463.06	509,207.17	-10,947,231.57	1,921,366.35
16. Income taxes	691,810.46	716,202.42	255,635.02	20,799.99
17. Result for the period	-9,516,652.60	1,225,409.59	-10,691,596.55	1,942,166.34
Result for the period attributable to:				
Equity holders of the parent	-9,516,652.60	1,162,644.72	-10,691,596.55	1,858,624.34
Minority interest	0.00	62,764.87	0.00	83,542.00
	-9,516,652.60	1,225,409.59	-10,691,596.55	1,942,166.34
Earnings per share			-0.70	0.15

Consolidated cash flow statement for the period
January 1 - June 30, 2007

01.01.2007
- 30.06.2007

01.01.2006
- 30.06.2006

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	EUR	EUR
Cash flow from operating activities		
Result before taxes	-10,947,231.57	1,921,366.35
Adjustments for:		
+ Depreciation and amortisation	12,040,139.73	1,651,022.29
+/- Financial result	184,494.06	-57,948.83
+/- Share of profit of associates	18,627.57	-256,179.71
+/- Losses/profit from the disposal of property, plant and equipment and intangible assets	-8,268.09	15,017.33
+/- Changes in provisions for post-employment benefits and other provisions	-631,861.07	-64,902.25
+/- Changes in inventories	-108,330.77	-85,199.20
+/- Changes in receivables	-1,758,256.58	-498,740.16
+/- Changes in payables	29,609.47	148,942.44
+/- Currency translation differences	-24,237.02	26,678.47
	-1,205,314.27	2,800,056.73
+/- interests paid/received	24,844.02	-13,355.30
+ Dividends received	0.00	137,840.58
- Taxes on income paid	-691,464.15	-1,010,692.05
Net cash flow from operating activities	-1,871,934.40	1,913,849.96
Net cash flow from investing activities		
- Acquisition of subsidiaries	-1,309,956.79	-15,000.00
- Cash outflow for investments in property, plant and equipment and other intangible assets	-1,727,390.93	-1,244,011.27
- Cash outflow for investments in other financial assets	-8,242,006.30	-15,633,412.62
+ Sale of property, plant and equipment and other intangible assets	41,424.44	2,315.00
+ Cash inflow from the disposal of other financial assets and current financial assets	7,603,506.40	3,544,174.61
Net cash flow from investing activities	-3,634,423.18	-13,345,934.28
Cash flow from financing activities		
+ Proceeds from issue of ordinary shares	0.00	14,162,860.83
- Purchase of own shares	-1,950,324.17	0.00
- Dividends paid	-1,505,545.81	-820,483.06
+/- Proceeds from borrowing/repayment of financial liabilities	10,035,039.13	-3,110,145.85
Net cash flow from financing activities	6,579,169.15	10,232,231.92
Increase / decrease in cash and cash equivalents	1,072,811.57	-1,199,852.40
Cash and cash equivalents at beginning of year	13,203,924.10	11,106,098.47
+/- Increase / decrease	1,072,811.57	-1,199,852.40
Cash and cash equivalents at end of period	14,276,735.67	9,906,246.07

Consolidated statement of changes in equity

Balance January 1, 2006

Fair value adjustments of securities

Currency translation differences

Net income recognised directly in equity

Result for the period January 1 - June 30, 2006

Total result for the period

Capital increase for cash

Transaction costs for capital increase

Dividend

Other movements within minority interest

Balance June 30, 2006

Fair value adjustments of securities

Currency translation differences

Transfer of reserves

Net income recognised directly in equity

Result for the period July 1 - December 31, 2006

Total result for the period

Change of own shares

Other movements within minority interest

Balance December 31, 2006

Fair value adjustments of securities

Currency translation differences

Net income recognised directly in equity

Result for the period January 1 - June 30, 2007

Total result for the period

Dividend

Change of own shares

Balance June 30, 2007

Attributable to equity holders of the parent						Minority interest	Total equity
Share capital	Share premium	Other reserves	Retained earnings	Own shares	Total		Total
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
10,257,828.00	15,791,657.20	-149,821.08	5,812,121.08	-29,924.62	31,681,860.58	425,830.27	32,107,690.85
0.00	0.00	-5,283.51	0.00	0.00	-5,283.51	0.00	-5,283.51
0.00	0.00	7,839.55	0.00	0.00	7,839.55	0.00	7,839.55
0.00	0.00	2,556.04	0.00	0.00	2,556.04	0.00	2,556.04
0.00	0.00	0.00	1,858,624.34	0.00	1,858,624.34	83,542.00	1,942,166.34
0.00	0.00	2,556.04	1,858,624.34	0.00	1,861,180.38	83,542.00	1,944,722.38
5,128,914.00	10,770,719.40	0.00	0.00	0.00	15,899,633.40	0.00	15,899,633.40
0.00	-1,811,772.57	0.00	0.00	0.00	-1,811,772.57	0.00	-1,811,772.57
0.00	0.00	0.00	-820,483.06	0.00	-820,483.06	0.00	-820,483.06
0.00	0.00	0.00	7,446.54	0.00	7,446.54	-43,094.11	-35,647.57
15,386,742.00	24,750,604.03	-147,265.04	6,857,708.90	-29,924.62	46,817,865.27	466,278.16	47,284,143.43
0.00	0.00	-2,335.41	0.00	0.00	-2,335.41	0.00	-2,335.41
0.00	0.00	-15,272.03	0.00	0.00	-15,272.03	0.00	-15,272.03
0.00	0.00	-110,262.00	110,262.00	0.00	0.00	0.00	0.00
0.00	0.00	-127,869.44	110,262.00	0.00	-17,607.44	0.00	-17,607.44
0.00	0.00	0.00	2,314,222.99	0.00	2,314,222.99	43,094.11	2,357,317.10
0.00	0.00	-127,869.44	2,424,484.99	0.00	2,296,615.55	43,094.11	2,339,709.66
0.00	0.00	0.00	0.00	-104,812.78	-104,812.78	0.00	-104,812.78
0.00	0.00	0.00	-917,166.66	0.00	-917,166.66	-509,372.27	-1,426,538.93
15,386,742.00	24,750,604.03	-275,134.48	8,365,027.23	-134,737.40	48,092,501.38	0.00	48,092,501.38
0.00	0.00	-2,276.23	0.00	0.00	-2,276.23	0.00	-2,276.23
0.00	0.00	-13,332.43	0.00	0.00	-13,332.43	0.00	-13,332.43
0.00	0.00	-15,608.66	0.00	0.00	-15,608.66	0.00	-15,608.66
0.00	0.00	0.00	-10,691,596.55	0.00	-10,691,596.55	0.00	-10,691,596.55
0.00	0.00	-15,608.66	-10,691,596.55	0.00	-10,707,205.21	0.00	-10,707,205.21
0.00	0.00	0.00	-1,505,545.81	0.00	-1,505,545.81	0.00	-1,505,545.81
0.00	0.00	0.00	-468,354.01	-1,950,324.17	-2,418,678.18	0.00	-2,418,678.18
15,386,742.00	24,750,604.03	-290,743.14	-4,300,469.14	-2,085,061.57	33,461,072.18	0.00	33,461,072.18

Notes on the financial statements as at June 30, 2007

The company

As a medium-sized IT company, BRAIN FORCE HOLDING AG, Vienna, has evolved from being a purely project-based service provider into a provider of comprehensive IT solutions. The BRAIN FORCE group provides products and services to a range of markets, primarily in the insurance, financial services, telecommunications and industrial sectors, through a number of subsidiaries.

The head office of the parent company is located in the IZD Tower at Wagramer Straße 19, 1220 Vienna, Austria.

Accounting principles

These financial statements for BRAIN FORCE HOLDING AG for the period ending June 30, 2007 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

All subsidiaries, i.e., those companies in which BRAIN FORCE HOLDING AG participates directly or indirectly with more than half the voting rights or is otherwise entitled to assume control of operations, have been consolidated. The interim accounts as of June 30, 2007 incorporated within the consolidated financial statements were drawn up in accordance with IFRS principles.

The structure of the consolidated balance sheet, group profit and loss statement and changes in equity capital and cash flow statement is the same as that used in the annual accounts as of December 31, 2006. The same principles regarding the preparation of accounts and valuations have been applied in the current report as those which were applied to the previous annual financial statement.

Any additional information pursuant to the structured quarterly reporting guidelines (SQR) proposed by Deutsche Börse and to the provisions relating to minimum balance sheet and profit and loss statement content is in accordance with the Vienna Stock Exchange prime market rules and regulations, which are included in the explanations.

Consolidated group

The consolidated group was changed compared to December 31, 2006 by the merger of SFP Software für FinanzPartner GmbH, Munich, Germany with BRAIN FORCE Software GmbH, Munich, Germany, the merger being entered into the commercial register of the buyer, BRAIN FORCE Software GmbH, on March 5, 2007.

In the past quarter, BRAIN FORCE HOLDING AG established a subsidiary company in USA with its headquarters in New York. BRAIN FORCE Inc., New York, was registered on May 7, 2007.

Consequently, the consolidated interim financial statement encompasses BRAIN FORCE HOLDING AG, Vienna, and all the subsidiaries and associates listed below:

Corporation	share in %
BRAIN FORCE SOFTWARE GmbH, Vienna	100
BRAIN FORCE Software GmbH, Munich, Germany	100
BRAIN FORCE Hamburg GmbH, Unterschleißheim, Germany ¹⁾	100
BRAIN FORCE S.p.A., Milan, Italy	100
BRAIN FORCE Network Solutions B.V., Veenendaal, Netherlands	100
BFS Brain Force Software AG, Kloten, Switzerland	100
BRAIN FORCE SOFTWARE Ltd., Cambridge, United Kingdom	100
Brain Force Software s.r.o., Prague, Czech Republic	100
Brain Force Software s.r.o., Bratislava, Slovakia	100
NSE Capital Venture GmbH, Munich, Germany ¹⁾	100
BRAIN FORCE B.V., Veenendaal, Netherlands	100
BRAIN FORCE Frankfurt GmbH, Langen, Germany (previously SYSTEAM Ingenieurbüro für Datenkommunikation und Informatik GmbH)	100
BRAIN FORCE Inc., New York, USA	100
CONSULTING CUBE s.r.l., Milan, Italy ²⁾	25
KEMP Technologies Inc., New York, USA	30

¹⁾ Share held by BRAIN FORCE Software GmbH, Munich.

²⁾ Share held by BRAIN FORCE S.p.A..

A total of 14 companies (31.12.2006: 14) are fully consolidated and two associate companies (December 31, 2006: 2) at equity are incorporated in the consolidated interim financial statement as of June 30, 2007.

Methods of consolidation

The accounts have been consolidated in accordance with the provisions of IFRS 3. All corporate mergers have been reported in the accounts using the acquisition method. Consequently, the historical cost of shares in the incorporated subsidiaries plus the costs directly assignable to the acquisition were offset against the respective proportionate net worth based on the current values of the acquired assets and liabilities of these companies at the time of the acquisition or transfer of control.

Intangible assets, as far as they are identifiable, are subject to independent accounting. They are depreciated as per schedule. The remaining goodwill is distributed to the cash generating unit/s and audited at least once annually at this level with respect to the maintenance of value.

In the event of the acquired proportionate net worth surpassing the historical cost, not only must the acquired assets, liabilities and contingent liabilities be re-evaluated, but also the historical costs, before then determining the actual surplus in terms of net income.

Internal group receivables and liabilities, revenues, expenses and any inter-company profits and losses are eliminated.

Asset and financial position

Compared to the December 31, 2006 reporting date, the balance sheet total decreased by 10.9 percent to EUR 72.71 million (December 31, 2006: EUR 81.58 million).

Non-current assets constitute 37.5 percent of total assets and amount to EUR 27.29 million on June 30, 2007 (December 31, 2006: EUR 39.72 million).

The reduction in long-term assets and balance sheet total is mainly due to extraordinary depreciation of goodwill and a reduction in value of other intangible assets booked in Q2, 2007.

The worth of goodwill was reduced by EUR 9.26 million to EUR 12.04 million (December 31, 2006: EUR 21.30 million). This reduction results from an adjustment of the acquisition cost of BRAIN FORCE B.V., Netherlands (formerly VAI B.V.) of EUR 2.30 million which did not affect net income as well as the extraordinary depreciation of goodwill of EUR 6.96 million. The acquisition costs for BRAIN FORCE B.V. were adjusted due to the revised forecast of future profits generated by the acquisition and the related reduction of the purchase price which depends on the company's success. Details of the extraordinary depreciation of goodwill can be found in the notes on the income statement.

Investments in tangible and other intangible assets for the reporting period amount to EUR 1.73 million. Of this amount, TEUR 939 involved product development costs (previous year: TEUR 805).

Due to the reduction in value of EUR 2.33 million, other intangible assets decreased to EUR 6.80 million (December 31, 2006: EUR 10.49 million). Of this item, EUR 3.90 million involved development costs (December 2006: EUR 6.40 million) i.e., 5.4 percent (December 31, 2006: 7.8 percent) of total assets. Details on the impairment loss of other intangible assets can be found in the notes on the income statement.

The financial assets, reported using the equity method, mainly include a 30 percent share in KEMP Technologies Inc.

Miscellaneous non-current receivables of TEUR 836 (December 31, 2006: TEUR 826) include for the most part a signed convertible bond of TEUR 667.

The deferred tax assets as at June 30, 2007 amount to EUR 5.01 million (December 31, 2006: EUR 4.77 million).

Current assets constitute 62.5 percent of total assets, increasing by EUR 3.56 million to EUR 45.42 million

Trade receivables increased 6.9 percent as compared to December 31, 2006 to EUR 27.63 million (December 31, 2006: EUR 25.85 million).

Financial assets totalling TEUR 691 (December 31, 2006: EUR 0) include short-term investments in securities held for trading purposes, with any rate fluctuations being recorded during the current period.

The other current receivables and assets item totalling EUR 2.04 million (December 31, 2006: EUR 2.13 million) is largely made up of the prepayments from maintenance contracts totalling EUR 1.19 million (December 31, 2006: TEUR 775).

Cash and cash equivalents amount to EUR 14.61 million (December 31, 2006: EUR 13.53 million). Together with financial assets, current liquid assets amount to EUR 15.30 million, including cash inflows of EUR 10 million from a long-term bullet loan.

IFRS-based group equity is EUR 33.46 million (December 31, 2006: EUR 48.09 million). The equity ratio as at the June 30, 2007 reporting date is 46.0 percent (December 31, 2006: 59.0 percent).

The authorised capital on the reporting date amounts to EUR 7,693,371.

Non-current liabilities rose by EUR 5.71 million to EUR 15.21 million (December 31, 2006: EUR 9.50 million). The increase is largely due to a long-term loan of EUR 10 million raised with Deutsche Bank AG. Provisions for pensions (EUR -0.61 million), deferred tax liabilities (EUR -0.87 million) as well as other long-term provisions (EUR -2.67 million) saw a decrease. Other long-term provisions include the purchase price obligations from the acquisition of BRAIN FORCE B.V. which depends on the company's success. This item was reduced due to changes of due dates on the one hand and an adjustment of the obligations in line with the revised forecast of future profit on the other hand.

As at June 30, 2007, current liabilities amount to EUR 24.04 million (December 31, 2006: EUR 23.99 million).

Trade payables amount to EUR 8.51 million (December 31, 2006: EUR 8.52 million) and include down payments of TEUR 710 (December 31, 2006: TEUR 772).

Other current liabilities amount to EUR 11.05 million (December 31, 2006: EUR 10.53 million), an increase of TEUR 521. This item reflects an increase in deferred maintenance contracts of EUR 1.13 million to EUR 2.62 million

Other provisions include current variable purchase price obligations resulting from the acquisition of BRAIN FORCE B.V.

Working capital at the June 30, 2007 reporting date is EUR 21.38 million (December 31, 2006: EUR 17.87 million). As liquid funds exceed financial liabilities, there is no net indebtedness.

Notes on income statement items

The group income statement was compiled in compliance with the type-of-expenditure format. Net sales for the reporting period January 01 - June 30, 2007 were EUR 47.75 million (previous year: EUR 42.90 million). Net sales thereby rose by 11.3 percent. Other internal work capitalised amounts to TEUR 939 (previous year: TEUR 805).

The cost of materials and services totalled EUR 35.43 million (previous year: EUR 30.46 million).

Employee benefit costs for administration and distribution rose by TEUR 581 over the figures for the previous year to EUR 8.08 million.

Scheduled depreciation and amortisation expenses, including the capitalisation assets as part of the purchase price allocation, amount to EUR 2.75 million (previous year: EUR 1.65 million).

In the reporting period, extraordinary depreciation of goodwill as well as impairment loss of other intangible assets of EUR 9.29 million were reported. Depreciation of goodwill totals EUR 6.96 million. This item includes goodwill resulting from the acquisition of BRAIN FORCE B.V., Netherlands (formerly VAI B.V.), i.e., EUR 3.65 million, BRAIN FORCE Frankfurt GmbH, Germany (formerly SYSTEAM GmbH), i.e., EUR 1.81 million as well as the acquisition of beusen solutions GmbH, Germany (now merged with BRAIN FORCE Software GmbH, Germany), i.e., EUR 1.50 million. The reason for such extraordinary depreciation of goodwill lies in the reduction in product and project sales in the technology and infrastructure sectors which lagged far behind expectations. In particular in Germany, net sales resulting from the international marketing of product lines taken over from BRAIN FORCE B.V. and from the marketing of proprietary products and licences clearly fell short of the forecast, which led to a complete revision of forecast data. EUR 4.56 million of goodwill depreciation is for the primary sector in Germany which is subject to the legal reporting commitment.

Restructuring of indirect product and licence sales in the TI range led to delays and a failure to achieve the international marketing budget, which resulted in a further depreciation of goodwill in connection with the acquired BRAIN FORCE B.V., i.e., EUR 2.07 million in the primary segment of North Europe, TEUR 250 in South West Europe and the remainder in Central and Eastern Europe.

This failure to meet targets in the technology and infrastructure range also led to impairment loss of development costs (EUR 1.86 million) and sales rights carried as an asset (TEUR 470). A reduction in the value of sales rights only affects the primary segment of Germany. The impairment loss of development costs affects Germany (EUR 1.67 million) as well as South West Europe (TEUR 130). The remainder stems from the Central and Eastern European regions.

Other operational expenses rose by TEUR 932 to EUR 4.28 million (previous year: EUR 3.34 million). This increase is mainly due to increased recruiting, branding and advertisement expenses.

The financial result was TEUR -184 (previous year: TEUR +58).

The result before income taxes is EUR -10.95 million (previous year: EUR +1.92 million).
Income taxes amount to TEUR 256 (previous year: TEUR 21).

Segment reporting

Against the background of the distinct international orientation of the group, the Executive Board of BRAIN FORCE HOLDING AG decided to align the primary segments with regional markets. Starting from the beginning of the 2007 financial year, the following regions and countries were defined:

- ▶ German region
- ▶ Central and Eastern European region including Austria, Czech Republic, Slovakia, and the remaining Eastern European countries
- ▶ South West European region including Italy, Switzerland, Spain and Portugal
- ▶ North European region including the Netherlands, Belgium, Luxemburg, Denmark, Norway, Sweden, Finland and Great Britain
- ▶ South East European region including Slovenia, Croatia, Macedonia, Romania, Bulgaria, Greece and Turkey

Key figures by geographic segments are as follows:

	German region	Central and Eastern European region	South West European region	North European region	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	22,841,493.99	6,080,333.51	14,190,248.81	4,637,574.19	0.00	47,749,650.50
Segment operating result before segment depreciation and amortisation (EBITDA)	412,014.90	251,155.31	1,605,135.46	579,453.57	-1,551,729.45	1,296,029.79
Segment depreciation and amortisation	8,323,534.58	314,196.23	885,395.43	2,481,032.66	35,980.83	12,040,139.73
Segment operating result	-7,911,519.68	-63,040.92	719,740.03	-1,901,579.09	-1,587,710.28	-10,744,109.94
Financial result						-184,494.06
Share in profit of associates					-18,627.57	-18,627.57
Result before income taxes						-10,947,231.57
Income taxes						255,635.02
Result for the period						-10,691,596.55
Segment assets	23,521,698.23	3,734,076.88	19,286,180.19	9,331,390.00	16,836,131.08	72,709,476.38
Segment liabilities	7,355,403.24	2,342,404.96	12,445,575.71	2,268,604.00	14,836,416.29	39,248,404.20
Segment capital expenditure	1,041,200.92	21,817.90	252,924.89	384,877.87	26,569.35	1,727,390.93

The figures by geographic segments for the previous year are as follows:

	German region	Central and Eastern European region	South West European region	North European region	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	19,542,176.70	5,290,867.50	13,402,109.86	4,669,797.76	0.00	42,904,951.82
Segment operating result before segment depreciation and amortisation (EBITDA)	2,373,652.22	75,336.08	1,165,207.03	842,558.66	-1,198,493.89	3,258,260.10
Segment depreciation and amortisation	822,709.89	67,266.92	322,749.11	377,388.18	60,908.19	1,651,022.29
Segment operating result	1,550,942.33	8,069.16	842,457.92	465,170.48	-1,259,402.08	1,607,237.81
Financial result						57,948.83
Share in profit of associates	256,179.71					256,179.71
Result before income taxes						1,921,366.35
Income taxes						20,799.99
Result for the period						1,942,166.34
Segment assets	22,603,733.92	3,679,173.80	18,857,594.78	10,179,536.79	20,418,427.53	75,738,466.82
Segment liabilities	7,191,844.60	2,245,129.75	13,080,583.53	2,370,780.95	3,565,984.56	28,454,323.39
Segment capital expenditure	581,221.21	25,061.96	311,698.05	252,924.68	73,105.37	1,244,011.27

Key figures by business segments are as follows:

	Enterprise Services	Business Solutions	Technology and Infrastructure	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	18,432,295.83	13,173,906.79	16,143,447.88	0.00	47,749,650.50
Segment assets	16,705,994.99	19,288,211.35	19,879,138.96	16,836,131.08	72,709,476.38
Segment capital expenditure	349,836.44	461,348.38	889,636.76	26,569.35	1,727,390.93

The figures by business segments for the previous year are as follows:

	Enterprise Services	Business Solutions	Technology and Infrastructure	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	16,286,237.38	13,562,705.07	13,056,009.37	0.00	42,904,951.82
Segment assets	8,831,108.70	23,752,452.07	22,736,478.52	20,418,427.53	75,738,466.82
Segment capital expenditure	8,729.19	559,226.33	602,950.38	73,105.37	1,244,011.27

Notes on the cash flow statement

The cash flow statement was compiled using the indirect method.

It shows the change in group cash and cash equivalents for the reporting period due to cash inflows and outflows, with a distinction being made between operating activities, investing activities and financing activities.

Based on a profit before income tax of EUR -10.95 million (previous year: EUR 1.92 million) the net cash and cash equivalents from operating activities show a cash outflow of EUR 1.87 million (previous year: cash inflow of EUR 1.91 million).

Depreciation increased, compared with the previous year, by EUR 10.39 million to EUR 12.04 million, of which EUR 9.29 million is for extraordinary depreciation of goodwill as well as other reductions in value. As compared with December 31, 2006, receivables increased by EUR 1.76 million. The changes in other reserves, accrued liabilities and other liabilities show a cash outflow of TEUR 602. Paid income taxes amount to TEUR 691 (previous year: EUR 1.01 million).

The cash outflow resulting from investing activities was EUR 3.63 million (previous year: EUR 13.35 million).

Incidental expenses and unsettled purchase prices for the subsidiaries acquired in previous financial years amount to EUR 1.31 million. This sum includes payments in connection with the squeeze-out of existing shareholders of Brain Force Financial Solutions AG and the subsequent shareholder action.

The acquisition of tangible and other intangible assets accounts for expenditure of EUR 1.73 million (previous year: EUR 1.24 million). The cash outflow for the acquisition of other financial assets and investments amounts to EUR 8.24 million (previous year: EUR 15.63 million).

The sale of other financial assets and investments generated a cash inflow of EUR 7.60 million (previous year: EUR 3.54 million).

Net cash inflow shown for financing activities totals EUR 6.58 million (previous year: EUR 10.23 million).

EUR 10.04 million of this amount result from financial liabilities, including a EUR 10 million bullet loan with a duration of 7 years.

A sum of EUR 1.95 million was paid for the acquisition of our own stock.

The dividend resolved on the occasion of the ordinary general meeting, i.e., EUR 1.51 million (previous year: TEUR 820) was paid to BRAIN FORCE HOLDING AG's shareholders.

As of the June 30, 2007 reporting date, the BRAIN FORCE group has cash, cash equivalents and current financial assets amounting to EUR 15.30 million (December 31, 2006: EUR 13.53 million) at its disposal. Of this amount, TEUR 329 (December 31, 2006: TEUR 329) are conditionally available funds.

Other disclosures

On March 29, 2007, a court hearing took place at Landgericht München I concerning the definition of appropriate cash compensation for minority shareholders of Brain Force Financial Solutions AG. Various minority shareholders considered the cash compensation, which had been defined in agreements with complainants following opposition to the relevant resolutions of the general meeting, to be insufficient. After the court hearing, Landgericht Munich I issued a written scheme of arrangement which should be accepted by all parties involved by filing a written agreement with the court by May 29, 2007.

With the resolution of Landgericht München I dated June 12, 2007, the proposed agreement was accepted by the claimants. The agreement provides for an increase in the cash compensation from EUR 11.00 to EUR 16.27. In addition, BRAIN FORCE HOLDING AG will assume liability for legal and extrajudicial expenses.

On May 09, 2007 the ordinary general meeting of BRAIN FORCE HOLDING AG's shareholders was held. All items on the agenda were resolved in the form proposed. For instance, it was resolved to pay BRAIN FORCE HOLDING AG shareholders a dividend of EUR 0.10 per share. In addition, a motion was passed on the revocation of the entitlement granted by the general meeting held on May 11, 2006 to acquire the Company's own shares. At the same time, the Executive Board was entitled to acquire the Company's own shares pursuant to § 65 Abs. 1 lines 4 and 8 AktG (Corporation Act), subject to the proportion of shares to be acquired

not exceeding 10 percent of the nominal capital, the entitlement having a validity of 18 months from the date of the resolution, i.e., expiring on November 09, 2008, and the quoted value being no less than EUR 1.00 and not exceeding EUR 15.00.

Under the agenda item "Elections", Mag. Christian Schamburek was proposed for re-election to the Supervisory Board of the company, with the motion being approved in the proposed form.

With the purchase contract dated July 6, 2007, BRAIN FORCE HOLDINGAG acquired 100 percent in SolveDirect.com Internet-Service GmbH, Vienna. SolveDirect is a provider of IT service management software which is fully compliant with the ITIL standard. SolveDirect's product range will complete the BRAIN FORCE IT management suite.

There were 837 salaried employees at the reporting date (June 30, 2006: 765); orders amount to EUR 26.35 million (June 30, 2006: EUR 20.64 million).

The Executive and Supervisory Boards of BRAIN FORCE HOLDING AG held no share options as at the reporting date of June 30, 2007.

Disclosures pursuant to section 87 of the Austrian Stock Exchange Act

This half yearly statement was not submitted to a complete audit or checking by an auditor.

We confirm that the condensed consolidated interim financial information as of June 30, 2007 prepared in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting to the best of our knowledge fairly presents the financial position of the Company and that the half-year Management Report for the Company to the best of our knowledge fairly presents the events and results for the Company of the half year ended June 30, 2007, the material risks and uncertainties regarding the Company's prospective development for the remaining six months of the financial year and the significant related party transactions.

Vienna, August 27, 2007

The Management Board:



Helmut Fleischmann

Chief Executive Officer



Wolfgang Lippert

Chief Financial Officer

Important dates 2007

Datum	Event
November 13, 2007	German Equity Forum
November 26, 2007	Q3 Quarterly report

Imprint

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