



BRAIN FORCE-Group

Ratios by segment as
at March 31, 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)	11,073,429.21	2,981,912.06	7,249,728.40	2,255,775.69	0.00	23,560,845.36
Segment operating result before segment depreciation and amortisation (EBITDA)	-19,889.11	93,381.51	641,293.95	381,333.97	-700,886.40	395,233.92
Segment depreciation and amortisation	640,382.11	42,322.99	177,015.86	209,459.19	17,682.05	1,086,862.20
Segment operating result	-660,271.22	51,058.52	464,278.09	171,874.78	-718,568.45	-691,628.28
Financial result						-48,451.93
Share in profit of associates				1,311.70		1,311.70
Result before income taxes						-738,768.51
Income taxes						-436,175.44
Result for the period						-1,174,943.95
Segment assets	32,670,843.09	3,883,161.65	19,580,620.53	15,592,306.70	19,534,946.09	91,261,878.06
Segment liabilities	8,281,148.37	2,343,455.71	13,032,198.65	1,776,297.31	19,348,619.39	44,781,719.43
Segment capital expenditure	427,835.53	11,644.17	129,397.45	261,497.92	5,868.84	836,243.91

Earnings per share EUR -0.08

Quarterly report Q1/2007 – BRAIN FORCE HOLDING AG

Foreword by the Chief Executive Officer



Ladies and gentlemen, Shareholders,

The first quarter was affected by the preparations for the next steps in the growth of the Company. We have launched an extensive package of measures which means a drain on the first quarter result but which will have positive effects in the months to come. In addition to an expected seasonal delay of contracts to the second half year, some major projects have also been deferred. Therefore, the first quarter 2007 did not exactly live up to our expectations.

Our preparatory efforts as well as the positive outlook for the rest of the year mean that we have no need to revise our forecast for the whole year, i.e., net sales of EUR 116 million and EBIT of EUR 6.4 million.

In order to further pursue our successful buy and build strategy, we hold liquid funds of EUR 23 million. This together with the development of the operating cash flow, which underwent more than 60 percent growth over the first three months and now amounts to EUR 0.69 million – this represents the ideal basis for BRAIN FORCE's further growth activities.

We are positive that we will make significant acquisitions in the field of IT-Management Software and Software as a Service within the second quarter. Through this move, we will be able to enter the market in the highest growth segment of the whole IT sector and thus excellently complement our current Managed Services portfolio.

Yours sincerely,

A handwritten signature in blue ink that reads "Helmut Fleischmann". The signature is fluid and cursive, with a prominent initial "H".

Helmut Fleischmann
Chief Executive Officer

Quarterly report 01/2007

Preparation of next growth steps

BRAIN FORCE is a highly growth-oriented company and looks back on a successful buy and build strategy. Last year, the group systematically strengthened its position as a managed services provider and focused its service and product offerings on existing growth markets. With a broad package of measures and by raising outside capital to the value of about EUR 10 million, BRAIN FORCE has now cleared the way for the next growth steps which are planned for this year.

Adjusting the primary segments

A major move in the drive to increase the group's international presence consisted in adjusting primary segments in line with regional markets and in aligning management structures with the future expansion strategy. Being BRAIN FORCE's strongest market in terms of net sales, Germany has been defined as a region on its own. Austria has become part of the Central and Eastern European region and serves as a toehold for the Eastern European growth markets. A dedicated management team has been appointed for this new region, so that existing market potential can be increasingly exploited. Switzerland was assigned to the South West European region.

Another major growth step consisted of restructuring our sales organisation in line with the industries we serve. For our customers, this provides easier access to BRAIN FORCE's full product and service range. Also, this set-up helps to better use synergies and cross-selling potentials throughout the group. What is more, the complete product and service portfolio was adjusted in line with our new position as a managed services provider, including coordinated marketing activities. In order to be able to execute customer projects quickly and at short notice, a new recruiting system was instituted at a group level which ensures greater efficiency in the process of hiring IT experts.

Having taken these measures, the group is now able to further strengthen its position as a managed services provider and to complement its portfolio by further acquisition. Against this background, BRAIN FORCE has signed letters of intent with two potential acquisition targets and plans to enhance its market position through the acquisition of intellectual property rights in the field of IT management software. With these tools, the group will greatly enhance its managed services range and be able to provide its customers with clear added value.





At the same time, the group is involved with the topic of the future “Software as a Service” (SaaS), i.e., tailored software which is delivered over the web. According to Gartner Research, SaaS is among the largest growth markets in the software range and is expected to grow 7 times faster than conventional software sales channels over the next three years. With SaaS, BRAIN FORCE creates a perfect link between licence sales on the one hand and its managed services business on the other.

Besides pursuing its acquisition strategy, the group will focus its sales activities on medium-sized companies. BRAIN FORCE, as a managed services provider with a perfectly tuned product range including the packaging software *Packaging Robot* and the network management solution *Net Organizer* ideally meets the requirements of this target group. Particularly amongst medium-sized companies, the one-stop-shop offer is very well received, thereby offering considerable growth potential for BRAIN FORCE.

What is more, the group will drive forward its channel programme. Having said that, the co-operation agreement signed with Net Optics late in March 2007 is a major cornerstone, ensuring that 80 percent of the anticipated 2007 net sales, i.e., some EUR 6 million, will be generated from the channel business.

Furthermore, the group is focussing on increasing brand awareness, which will be supported by suitable branding activities. Among other things, the group continues motor sport sponsorship. In this context, a large advertising campaign will be launched in the second quarter.

Prevailing economic conditions

According to the EU Commission, the European economy will grow strongly this year. In the Commission’s latest report, a GDP increase of 2.6 percent is forecast for the Euro zone, which means that their prognosis has increased by 0.1 percentage points.

One of the growth drivers remains the information technology and communication industry (ICT), which, according to EITO (European Information Technology Observatory) is supposed to rise by 2.9 percent this year. In particular the software and IT services market is expected to un-

Growing economy

Germany the moving power

dergo a major growth of 6.5 and 5.5 percent, respectively. Professional IT services, outsourcing, consulting and system integration are the clear winners in the industry.

In their spring report, leading German economic institutes see a similar trend. The German economy, which is the most important market for BRAIN FORCE, is expected to grow this year and next year by 2.4 percent each year, after 2.7 percent growth in 2006.

At the European level, the ITC industry in Germany is also the moving power of the economy. The German Association for Information Technology, Telecommunications and New Media (BITKOM) has forecast for 2007 a 2.0 percent growth of the German ICT market which is 0.4 percentage points above their previous prediction. The growth, according to the association, is due to commercial ICT users and public authorities being expected to make major investments in advanced IT systems. The software market will presumably undergo a 5.7 percent growth to EUR 17.9 billion while IT services will gain 4.9 percent, achieving a total of EUR 30.5 billion.

Sales and revenue situation

BRAIN FORCE HOLDING AG was in a position to again increase their Q1, 2007 net sales compared with the previous year. In the reporting period, sales revenues rose to EUR 23.56 million, i.e., a YoY growth of 6.4 percent (previous year: EUR 22.14 million).

However the first quarter saw major delays in profits which negatively affected the group's sales and revenue situation. For instance, the development of some important additional features for the *Net Organizer* software solution lagged behind. These items bring a clear added value to existing customers and therefore increase the benefits of migrating to the new system. Owing to the delay, the group will only be able to capture licence potential of TEUR 500 later this year. In the banking industry, an EUR 1.25 million project with a large customer was late in being launched which means that net sales of TEUR 300 will be realized later than anticipated. Finally, a sales agreement with Net Optics which is expected to bring total net sales in the range of EUR 5 million was signed only late in March, which means a delay of another TEUR 250 net sales.

In light of these delays and investments to finance the next growth steps, the group's EBITDA (earnings before depreciation and amortization) for the last quarter is TEUR 395. The correspon-





ding figure for the previous year was EUR 1.98 million which however included the effect of a compensation payment of TEUR 422. EBIT is TEUR -692 while the EBIT adjusted for depreciation and amortization expense based on purchase price allocation pursuant to IFRS 3 was TEUR -352. Last year's EBIT was EUR 1.17 million (adjusted for the effect of a compensation payment: TEUR 753). Earnings per share amount to EUR -0.08 (previous year: EUR 0.07).

Despite this adverse development, the operating cash flow in the first three months rose by TEUR 275 to TEUR 685 (previous year: TEUR 410).

Development in primary segments

BRAIN FORCE is a truly international company. The group therefore decided to adjust its primary segments in line with regional markets and defined the following countries and regions:

- ▶ 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.

Strongest net sales in Germany

The German region is the strongest in terms of net sales. In the first quarter 2007, net sales of EUR 11.07 million were achieved here, which is 47.0 percent of total net sales. While net sales increased by 8.3 percent over the comparable period of the previous year (EUR 10.22 million), EBITDA for the reporting period is TEUR -20 (previous year: EUR 1.53 million). EBIT is TEUR -660 (previous year: EUR 1.13 million). This development was triggered by the above mentioned delay in large orders planned for the first quarter which will now be placed in the second half year.

Besides a continuation of various contracts with existing customers, attractive new customers were won in Germany particularly in the financial services industry. For instance, BRAIN FORCE was able to secure an order with one of the world's leading insurance companies which involves a large database project. In addition, a well known insurance broker decided in favour

Two-digit percentage
range increase



of BRAIN FORCE's *Finanzanalyse Center* in order to comply with the applicable legal requirements, in particular the documentation obligation resulting from the EU Insurance Mediation Directive. Two public utility companies and one large airline have migrated from *beusenKNV* to *Net Organizer*, thereby banking on a more efficient concept to document their networks. In the months to come, more orders involved with the upgrade to the new software are expected.

The South West European region achieved net sales of EUR 7.25 million in the first three months, which makes it the second largest, i.e., 30.8 percent, of group sales. As compared with the previous year (EUR 6.70 million), the region saw an 8.2 percent sales increase. Both EBITDA and EBIT increased in the two-digit percentage range. EBITDA rose from TEUR 559 in the previous year to TEUR 641 (+14.7 percent), and EBIT jumped from EUR 399 to a noteworthy TEUR 464 (+16.2 percent).

In Italy, BRAIN FORCE was able to demonstrate its expertise in the banking sector, where a large application support project was won in cooperation with an IT partner. As a Microsoft Dynamics CRM partner, the division was able to secure major follow-on projects and to implement, for a tourism company and a credit card company, the upgrade to the 3.0 version.

The Central and Eastern European region achieved net sales in the reporting period of EUR 2.98 million, which is a YoY growth of 6.4 percent (EUR 2.80 million) and is a share of 12.6 percent of group net sales. EBITDA is TEUR 93 (previous year: TEUR 54), and EBIT is TEUR 51 (previous year: TEUR 21).

In Austria, the company was able to win some new orders placed by existing customers as well as a number of new customers. For instance, two public institutions entrusted BRAIN FORCE with their database administration and application management respectively.

The North European region achieved net sales in the first quarter of EUR 2.26 million (previous year: EUR 2.42 million), which is 6.6 percent below the figures for the previous year. Thus, the region contributed 9.6 percent to the group's total net sales. EBITDA is TEUR 381 (previous year: TEUR 430) and EBIT TEUR 172 (previous year: TEUR 251).

Netherlands: trends
towards migration
projects

In the Netherlands, a major application management system was launched for a public authority, which is considered a precursor for the outsourcing of their complete IT landscape. In addition, BRAIN FORCE secured a licence and service order involving a Microsoft Windows migration using *BRAIN FORCE Packaging Robot*. Also, two customers from the construction and financial services industries respectively awarded, together with BRAIN FORCE's partner Atos Origin, projects for the implementation of *Packaging Robot*. The trend towards migration projects will pick up further momentum throughout the year. Already, BRAIN FORCE is seeing an increase in migration orders on hand.

Group overheads, i.e., costs not allocated to regions, amounted to EUR 0.72 million as at March 31, 2007 (previous year: EUR 0.62 million). The rise is mainly due to the increase in branding activities which serve to enhance BRAIN FORCE's brand recognition.

Orders

As at March 31, 2007, current orders at group level amounted to EUR 27.88 million, which is 12.7 percent more than in the previous year (EUR 24.74 million). As compared with December 31, 2006, the volume of orders rose by 8.9 percent.

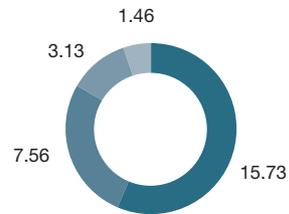
Orders by region

- ▶ The German region has orders in hand of EUR 15.73 million (31.12.2006: EUR 16.76 million).
- ▶ The Central and Eastern European region has orders in hand of EUR 7.56 million (31.12.2006: EUR 5.22 million).
- ▶ The South West European region has orders in hand of EUR 3.13 million (31.12.2006: EUR 2.96 million).
- ▶ The North European region has orders in hand of EUR 1.46 million (31.12.2006: EUR 0.67 million)



Orders by region

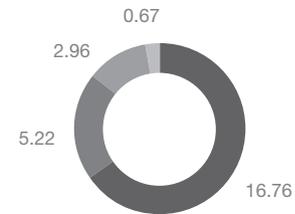
31.03.2007



in million EUR



31.12.2006



in million EUR





Research and development

BRAIN FORCE has further developed *Net Organizer* and amended it with the “Billing Ticket” tool. With this, interfaces with existing billing systems, i.e., ICT component invoicing systems can be conveniently created within the customer’s system. The costs for set-up, removal and utilisation of components are automatically calculated and charged to the applicable cost centre in a company. Also, double entries and faults which may result as a consequence of manual entries are avoided, and billing is automated, which brings about a clear increase in efficiency and a reduction of customers’ IT costs. This additional benefit will increasingly persuade customers to migrate to the new version.

Furthermore, the group has further developed *Packaging Robot*, and a virtualization module has been added. This enables the software to provide an enhanced overview of all software products installed in a company. In addition, the new *BRAIN FORCE Desktop Manager* was extended and upgraded with the *Rapid Deployment Program*. Consequently, centralised management of user profiles within a corporation becomes faster and more efficient, which is crucial particularly with a view to the new Microsoft Vista operating system.

BRAIN FORCE Baufinanzierung was expanded by functions especially for Austrian market. The user interfaces were adapted according to the expanded version.



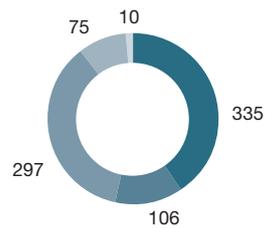
Human Resources

On March 31, 2007 there were 823 salaried employees, i.e., 5.8 percent more than the comparable figure for the previous year (778). Furthermore, the group had 307 free-lance employees. This represents an increase of 13 employees from March 31, 2006.

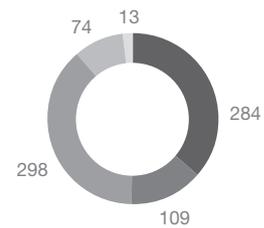
Staffing levels by region are as follows:

Employees per region

31.03.2007



31.12.2006





No correction of the
forecast

Anticipated developments

The BRAIN FORCE group holds free cash of approx. EUR 23 million available to continue its buy and build strategy. After strengthening its position as a managed services provider over the last year, the group now plans to improve its competence in the IT management software arena and at the same time to tackle the Software as a Service business. In this context, letters of intent were signed for the acquisition of two companies. Following the completion of thorough due diligence checks, the group is sure that it will make a favourable decision by mid 2007 and to be able to seal the deals.

Moreover, a major order package including the acquisition of a software tool from a competitor in the financial services segment is about to be signed. A managed application order will be renewed shortly which involves net sales of EUR 2.5 million.

Taking account of seasonal fluctuations, the delay in some large projects, the increase in orders on hand as well as investments made in the first quarter, the Executive Board sees no reason to adjust the 2007 forecast, i.e., net sales of EUR 116 million, EBITDA of EUR 11.5 million and EBIT of EUR 6.4 million.

(Formula of success)

The first to cross the finish line! This is our ambition which we pursue with great zeal. We have a taste for solving problems and a culture of challenging conventional concepts. We only settle for the top performance, and we will not allow ourselves to be lead astray from our path, even when we hit tricky corners.

We are ambitious to do what we can to make our customers' business more effective and safer through innovative, industry-specific solutions.

driven by **IT**



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Consolidated balance sheet as at March 31, 2007

	31.03.2007	31.12.2006
Assets	EUR	EUR
Non-current assets		
Property, plant and equipment	1,640,461.83	1,614,067.54
Goodwill	21,304,952.48	21,304,952.48
Other intangible assets	10,177,389.03	10,487,375.37
Investments in associates	532,124.35	536,857.43
Financial assets	183,286.56	183,283.32
Other receivables and other assets	813,449.22	825,771.92
Deferred tax assets	4,318,662.34	4,768,958.28
	38,970,325.81	39,721,266.34
Current assets		
Inventories	318,950.94	337,613.25
Trade receivables	26,147,310.90	25,851,978.91
Financial assets	3,838,740.33	0.00
Other receivables and other assets	2,364,268.49	2,134,857.61
Cash and cash equivalents	19,622,281.59	13,533,836.72
	52,291,552.25	41,858,286.49
	91,261,878.06	81,579,552.83

	31.03.2007	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	24,472,869.52	24,475,469.55
Retained earnings	7,190,083.28	8,365,027.23
Own shares	-569,536.17	-134,737.40
	46,480,158.63	48,092,501.38
Non-current liabilities		
Financial liabilities	10,473,141.99	547,814.99
Other liabilities	25,817.46	27,449.07
Provisions for post-employment benefits	3,517,638.39	3,881,526.73
Other provisions	3,202,805.00	3,155,240.00
Deferred tax liabilities	1,420,156.33	1,887,976.80
	18,639,559.17	9,500,007.59
Current liabilities		
Financial liabilities	2,565,210.57	1,999,157.99
Trade payables	8,622,144.71	8,520,498.38
Other liabilities	11,579,884.88	10,527,741.16
Tax provisions	2,101,146.10	1,698,344.33
Other provisions	1,273,774.00	1,241,302.00
	26,142,160.26	23,987,043.86
	91,261,878.06	81,579,552.83

Consolidated income statement for the period January 1 - March 31, 2007

	January 1 - March 31, 2007	January 1 - March 31, 2006
	EUR	EUR
1. Net sales	23,560,845.36	22,138,801.20
2. Changes in work in progress	-11,324.13	86,035.63
3. Other own work capitalised	545,801.32	372,468.86
4. Other operating income	146,826.78	625,959.46
5. Material and cost of purchased services	-17,813,910.75	-15,900,220.49
6. Employee benefit costs	-4,065,795.58	-3,740,936.48
7. Depreciation and amortisation expense	-1,086,862.20	-802,751.05
8. Other operating expense	-1,967,209.08	-1,604,410.90
9. Operating result	-691,628.28	1,174,946.23
10. Financial income	167,920.38	70,744.49
11. Financial costs	-216,372.31	-99,829.46
12. Financial result	-48,451.93	-29,084.97
13. Share of profit of associates	1,311.70	266,297.92
14. Result before income taxes	-738,768.51	1,412,159.18
15. Income taxes	-436,175.44	-695,402.43
16. Result for the period	-1,174,943.95	716,756.75
Result for the period attributable to:		
Equity holders of the parent	-1,174,943.95	695,979.62
Minority interest	0.00	20,777.13
	-1,174,943.95	716,756.75
Earnings per share	-0.08	0.07

Consolidated cash flow statement for the period
January 1 - March 31, 2007

January 1 -
March 31, 2007

January 1 -
March 31, 2006

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	EUR	EUR
Cash flow from operating activities		
Result before taxes	-738,768.51	1.412.159.18
Adjustments for:		
+ Depreciation and amortisation	1,086,862.20	802.751.05
+/- Financial result	48,451.93	29.084.97
- Share of profit of associates	-1,311.70	-266.297.92
+/- Losses/profit from the disposal of property, plant and equipment and intangible assets	-7,859.14	1.054.85
+/- Changes in provisions for post-employment benefits and other provisions	-349,888.34	98.775.44
+/- Changes in inventories	18,662.31	-412.588.08
+/- Changes in receivables	-476,074.20	-2.980.187.80
+/- Changes in payables	1,206,230.00	1.785.386.21
+/- Currency translation differences	-7,989.46	4.536.01
	778,315.09	474.673.91
+/- interests paid/received	-46,716.10	-58.393.50
- Taxes on income paid	-46,149.39	-6.147.47
Net cash flow from operating activities	685,449.60	410.132.94
Net cash flow from investing activities		
- Acquisition of subsidiaries	-55,457.56	-15.000.00
- Cash outflow for investments in property, plant and equipment and other intangible assets	-836,243.91	-612.300.37
- Cash outflow for investments in other financial assets	-6,578,685.79	-5.534.591.81
+ Sale of property, plant and equipment and other intangible assets	39,067.09	2.315.00
+ Cash inflow from the disposal of other financial assets and current financial assets	2,777,734.63	1.102.129.73
Net cash flow from investing activities	-4,653,585.54	-5.057.447.45
Cash flow from financing activities		
- Purchase of own shares	-434,798.77	0.00
+/- Proceeds from borrowing/repayment of financial liabilities	10,491,379.58	-764.873.56
Net cash flow from financing activities	10,056,580.81	-764.873.56
Increase / decrease in cash and cash equivalents	6,088,444.87	-5.412.188.07
Cash and cash equivalents at beginning of year	13,203,924.10	11.106.098.47
+/- Increase / decrease	6,088,444.87	-5.412.188.07
Cash and cash equivalents at end of period	19,292,368.97	5.693.910.40

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 - March 31, 2006

Total result for the period**Balance March 31, 2006**

Fair value adjustments of securities

Currency translation differences

Transfer of reserves

Net income recognised directly in equity

Result for the period April 1 - December 31, 2006

Total result for the period

Dividend

Capital increase by cash contribution

Transaction costs related to issue of share capital

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 - March 31, 2007

Total result for the period

Change in own shares

Balance March 31, 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	-3,209.25	0.00	0.00	-3,209.25	0.00	-3,209.25
0.00	0.00	4,992.83	0.00	0.00	4,992.83	716.18	5,709.01
0.00	0.00	1,783.58	0.00	0.00	1,783.58	716.18	2,499.76
0.00	0.00	0.00	695,979.62	0.00	695,979.62	20,777.13	716,756.75
0.00	0.00	1,783.58	695,979.62	0.00	697,763.20	21,493.31	719,256.51
10,257,828.00	15,791,657.20	-148,037.50	6,508,100.70	-29,924.62	32,379,623.78	447,323.58	32,826,947.36
0.00	0.00	-4,409.67	0.00	0.00	-4,409.67	0.00	-4,409.67
0.00	0.00	-12,425.31	0.00	0.00	-12,425.31	-716.18	-13,141.49
0.00	0.00	-110,262.00	110,262.00	0.00	0.00	0.00	0.00
0.00	0.00	-127,096.98	110,262.00	0.00	-16,834.98	-716.18	-17,551.16
0.00	0.00	0.00	3,476,867.71	0.00	3,476,867.71	-20,777.13	3,456,090.58
0.00	0.00	-127,096.98	3,587,129.71	0.00	3,460,032.73	-21,493.31	3,438,539.42
0.00	0.00	0.00	-820,053.52	0.00	-820,053.52	0.00	-820,053.52
5,128,914.00	10,770,719.40	0.00	0.00	0.00	15,899,633.40	0.00	15,899,633.40
	-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	0.00	-104,812.78	-104,812.78	0.00	-104,812.78
0.00	0.00	0.00	-910,149.66	0.00	-910,149.66	-425,830.27	-1,335,979.93
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	3.24	0.00	0.00	3.24	0.00	3.24
0.00	0.00	-2,603.27	0.00	0.00	-2,603.27	0.00	-2,603.27
0.00	0.00	-2,600.03	0.00	0.00	-2,600.03	0.00	-2,600.03
0.00	0.00	0.00	-1,174,943.95	0.00	-1,174,943.95	0.00	-1,174,943.95
0.00	0.00	-2,600.03	-1,174,943.95	0.00	-1,177,543.98	0.00	-1,177,543.98
0.00	0.00	0.00	0.00	-434,798.77	-434,798.77	0.00	-434,798.77
15,386,742.00	24,750,604.03	-277,734.51	7,190,083.28	-569,536.17	46,480,158.63	0.00	46,480,158.63

Notes on the financial statements as at March 31, 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 March 31, 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 March 31, 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 is the same as that used in the annual accounts as of December 31.12.2006. The same principles regarding the preparation of accounts and evaluations 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, Unterschleissheim, Deutschland, the merger being entered into the commercial register of the buyer, BRAIN FORCE Software GmbH, on March 5, 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, Unterschleissheim, 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 a.s., 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
CONSULTING CUBE s.r.l., Milan, Italy ²⁾	25
KEMP Technologies Inc., New York, USA	30

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

²⁾ Share held by BRAIN FORCE S.p.A..

A total of 13 companies (31.12.2006: 14) are fully consolidated and two associate companies (31.12.2006: 2) at equity are incorporated in the consolidated interim financial statement as of March 31, 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 have been depreciated as per schedule. The remaining goodwill has been 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 31st December 2006 reporting date, the balance sheet total increased by 11.9 percent to EUR 91.26 million (31.12.2006: EUR 81.58 million).

Non-current assets constitute 42.7 percent of total assets and amount to EUR 38.97 million on March 31, 2007 (31.12.2006: EUR 39.72 million).

Investments in tangible and other intangible assets for the reporting period amount to TEUR 836. Of this amount, TEUR 546 involved product development costs (previous year: TEUR 372).

The development costs included in the other intangible assets of EUR 10.18 million (31.12.2006: EUR 10.49 million) amount to EUR 6.27 million (31.12.2006: EUR 6.40 million) constituting 6.9 percent of total assets (31.12.2006: 7.8 percent).

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

Miscellaneous non-current receivables of TEUR 813 (31.12.2006: TEUR 826) include for the most part a signed convertible bond of TEUR 672.

The deferred tax assets as at March 31, 2007 amount to EUR 4.32 million (31.12.2006: EUR 4.77 million).

Current assets constitute 57.3 percent of total assets, increasing by EUR 10.43 million to EUR 52.29 million

Trade receivables increased 1.1 percent as compared to December 31, 2006 to EUR 26.15 million (31.12.2006: EUR 25.85 million).

Financial assets totalling EUR 3.84 million (31.12.2006: 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 2.36 million (31.12.2006: EUR 2.13 million) is largely made up of the prepayments from maintenance contracts totalling EUR 1.17 million (31.12.2006: TEUR 775).

Cash and cash equivalents amount to EUR 19.62 million (31.12.2006: EUR 13.53 million). Together with financial assets, current liquid assets amount to EUR 23.46 million, including cash inflows of EUR 10 million from a long-term bullet loan.

IFRS-based group equity is EUR 46.48 million (31.12.2006: EUR 48.09 million). The equity ratio as at the March 31, 2007 reporting date, is 50.9 percent (31.12.2006: 59.0 percent).

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

Non-current liabilities rose by EUR 9.14 million to EUR 18.64 million (31.12.2006: EUR 9.50 million). The increase is due to a long-term loan of EUR 10 million raised with Deutsche Bank AG.

As at March 31, 2007 current liabilities amount to EUR 26.14 million (31.12.2006: EUR 23.99 million), thereby increasing by EUR 2.15 million. This item saw an increase of current liabilities by TEUR 566.

Other current liabilities amount to EUR 11.58 million (31.12.2006: EUR 10.53 million), an increase of EUR 1.05 million. This item reflects an increase in deferred maintenance contracts of EUR 1.62 million to EUR 3.11 million

Other reserves and accrued liabilities include the purchase price due for the acquisition of BRAIN FORCE B.V., Netherlands (previously VAI B.V.).

Working capital at the March 31, 2007 reporting date is EUR 26.15 million (31.12.2006: 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 01.01.-31.03.2007 were EUR 23.56 million (previous year: EUR 22.14 million). Net sales thereby rose by 6.4 percent. Other internal work capitalised amounts to TEUR 546 (previous year: TEUR 372).

The cost of materials and services totalled EUR 17.81 million (previous year: EUR 15.90 million). Employee benefit costs for administration and distribution rose by TEUR 325 over the figures for the previous year to EUR 4.07 million.

Scheduled depreciation and amortisation expenses, including the capitalisation assets as part of the purchase price allocation, amount to EUR 1.09 million (previous year: TEUR 803).

Other operational expenses rose by TEUR 363 to EUR 1.97 million (previous year: EUR 1.60 million). This increase is mainly due to increased recruiting and training fees.

The financial result was TEUR -48 (previous year: TEUR -29).

The result before income taxes is TEUR -739 (previous year: EUR 1.41 million) which is a reduction of EUR 2.15 million. Income taxes amount to TEUR 436 (previous year: TEUR 695).

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)	11,073,429.21	2,981,912.06	7,249,728.40	2,255,775.69	0.00	23,560,845.36
Segment operating result before segment depreciation and amortisation (EBITDA)	-19,889.11	93,381.51	641,293.95	381,333.97	-700,886.40	395,233.92
Segment depreciation and amortisation	640,382.11	42,322.99	177,015.86	209,459.19	17,682.05	1,086,862.20
Segment operating result	-660,271.22	51,058.52	464,278.09	171,874.78	-718,568.45	-691,628.28
Financial result						-48,451.93
Share in profit of associates				1,311.70		1,311.70
Result before income taxes						-738,768.51
Income taxes						-436,175.44
Result for the period						-1,174,943.95
Segment assets	32,670,843.09	3,883,161.65	19,580,620.53	15,592,306.70	19,534,946.09	91,261,878.06
Segment liabilities	8,281,148.37	2,343,455.71	13,032,198.65	1,776,297.31	19,348,619.39	44,781,719.43
Segment capital expenditure	427,835.53	11,644.17	129,397.45	261,497.92	5,868.84	836,243.91

The figures for geographic segments of 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)	10,218,639.93	2,798,305.82	6,701,780.04	2,420,075.41	0.00	22,138,801.20
Segment operating result before segment depreciation and amortisation (EBITDA)	1,528,850.01	53,501.65	558,981.96	429,871.90	-593,508.24	1,977,697.28
Segment depreciation and amortisation	401,505.36	32,127.20	160,410.23	178,574.37	30,133.89	802,751.05
Segment operating result	1,127,344.65	21,374.45	398,571.73	251,297.53	-623,642.13	1,174,946.23
Financial result						-29,084.97
Share in profit of associates	266,297.92					266,297.92
Result before income taxes						1,412,159.18
Income taxes						-695,402.43
Result for the period						716,756.75
Segment assets	25,055,919.60	3,804,380.36	19,839,490.10	10,181,263.23	7,212,296.11	66,093,349.40
Segment liabilities	9,021,822.27	2,330,270.98	13,653,263.79	2,613,745.44	5,647,299.56	33,266,402.04
Segment capital expenditure	336,207.94	20,797.43	114,046.10	111,237.65	30,011.25	612,300.37

Ratios by business segments as at March 31, 2007:

	Enterprise Services	Business Solutions	Technology and Infrastructure	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	9,397,823.62	6,129,312.68	8,033,709.06	0.00	23,560,845.36
Segment assets	17,086,685.21	23,241,940.22	31,398,306.54	19,534,946.09	91,261,878.06
Segment capital expenditure	19,962.86	283,567.83	526,844.38	5,868.84	836,243.91

Ratios by business segments as at March 31, 2006:

	Enterprise Services	Business Solutions	Technology and Infrastructure	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	8,685,333.13	6,591,192.85	6,862,275.22	0.00	22,138,801.20
Segment assets	10,574,061.25	25,944,501.18	22,371,404.59	7,203,382.38	66,093,349.40
Segment capital expenditure	12,534.84	236,027.49	324,399.10	39,338.94	612,300.37

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, investment activities and financing activities.

Based on a profit before income tax of TEUR -739 (previous year: EUR 1.41 million) the net cash and cash equivalents from operating activities show a cash inflow of TEUR 685 (previous year: TEUR 410).

Despite a negative result for the period, operating cash flow increased as compared with the previous year. Depreciation increased, compared with the previous year, by TEUR 284 to EUR 1.09 million. Within the reporting period, receivables increased by TEUR 476. The changes in other reserves, accrued liabilities and other liabilities show a cash inflow of TEUR 856. Paid income taxes amount to TEUR 46 (previous year: TEUR 6).

The cash outflow resulting from investing activities was EUR 4.65 million (previous year: EUR 5.06 million).

Incidental expenses spent on the subsidiaries acquired are TEUR 55 (previous year: TEUR 15).

The acquisition of tangible and other intangible assets accounts for expenditure of TEUR 836 (previous year: TEUR 612). The cash outflow for the acquisition of other financial assets and investments amounts to EUR 6.58 million (previous year: EUR 5.53 million).

The sale of other financial assets and investments generated a cash inflow of EUR 2.78 million (previous year: EUR 1.10 million).

Net cash inflow shown for financing activities totals EUR 10.06 million (previous year: cash outflow of TEUR 765).

EUR 10.49 million of this amount result from financial liabilities, including a EUR 10 million bullet loan with a duration of 7 years.

As of the March 31, 2007 reporting date, the BRAIN FORCE group has cash, cash equivalents and current financial assets amounting to EUR 23.46 million (31.12.2006: EUR 13.53 million) at its disposal. Of this amount, TEUR 329 (31.12.2006: 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 München 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.

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% 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.

There were 823 salaried employees at the reporting date (31.03.2006: 778); orders amount to EUR 27.88 million (31.03.2006: EUR 24.74 million).

The Executive and Supervisory Boards of BRAIN FORCE HOLDING AG held no share options as at the reporting date of March 31, 2007.

Important dates 2007

Date	Event
August 27, 2007	Semi annual report
November 13, 2007	German Equity Forum
November 26, 2007	Q3 Quarterly report

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