



BRAIN FORCE-Group

Ratios by region as
at September 30, 2007

	German region	Central and Eastern European region	South West European region	North European region	Unallocated	Total
		EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	34,302,657	10,013,743	20,562,404	6,565,399	0	71,444,203
Segment operating result before segment depreciation and amortisation (EBITDA)	-370,917	270,805	1,505,675	323,945	-3,290,175	-1,560,667
Segment depreciation and amortisation	11,324,019	637,926	1,209,562	2,639,843	52,558	15,863,908
Segment operating result	-11,694,936	-367,121	296,113	-2,315,898	-3,342,733	-17,424,575
Financial result						-330,075
Share in profit of associates					-518,911	-518,911
Result before income taxes						-18,273,561
Income taxes						-1,993,413
Result for the period						-20,266,974
Segment assets	21,782,617	17,073,662	18,731,269	8,915,022	5,361,176	71,863,746
Segment liabilities	7,244,092	4,111,179	12,876,809	2,319,429	19,399,052	45,950,561
Segment capital expenditure	8,329,082	7,457,334	488,071	532,872	34,452	16,841,811

Earnings per share EUR -1.32

Quarterly report Q3/2007 – BRAIN FORCE HOLDING AG

Foreword by the Chief Executive Officer



Ladies and gentlemen, Shareholders,

The third quarter 2007 was eventful for the BRAIN FORCE group in every respect. Early in July, we acquired SolveDirect which was therefore integrated into our financial statements for the first time. At the Supervisory Board Meeting held on September 4, 2007, Helmut Fleischmann was discharged from his function as CEO, and I took over all of his work. Over the last few weeks, my major tasks have included the stabilisation of our organisation and the positioning of our company in the marketplace so as to enable sustainable profitability in the future.

This has been achieved mainly through the implementation of our ambitious reorganisation plan which meant that some of our sites had to be closed down or many of their staff had to be laid off. Having said that, we are now focussed on our core competencies and core markets, which is being reflected by increased orders in the third quarter. We are positive that we will achieve the turnaround in the fourth quarter, and we expect a positive EBIT for the last three months of the year.

In the first nine months of the financial year 2007, BRAIN FORCE was able to increase net sales by 13 percent to a total of EUR 71.44 million. The cumulated operating EBIT (earnings before interest and tax) for the first three quarters is EUR -17.42 million, the major part of this loss being due to depreciation of goodwill and intangible assets. Furthermore, provisions were made for reorganisation measures which adversely affected the result by another EUR 2.42 million. However we have now removed all those elements which do not add value from our balance sheet, and we have thereby clearly mitigated the risk for business going forward.

In my position as the new CEO of BRAIN FORCE HOLDING AG, I am confident that the turnaround which is anticipated for the fourth quarter will continue in the coming financial year for which we expect both increased net sales and sustainable profit.

Yours sincerely,

A handwritten signature in blue ink that reads "Guenter Pridt". The signature is stylized with a large, sweeping initial 'G'.

Guenter Pridt
Chief Executive Officer

Quarterly report Q3/2007

Sales and revenue situation

In the first nine months of 2007, the group achieved net sales of EUR 71.44 million, i.e., a clear 13.1 percent growth over the same period of the previous year (EUR 63.18 million). Net sales in Q3 amounted to EUR 23.70 million, which is a growth of 16.8 percent over the same quarter of the previous year.

Distinct total sales increase

In light of a changed market situation in Germany and the Netherlands and suboptimal integration of acquired companies, BRAIN FORCE had to make extraordinary depreciation of goodwill in Q3 amounting to EUR 8.65 million and of other intangible assets of EUR 3.09 million. The reorganisation costs of EUR 2.42 million were fully posted in the third quarter and therefore affect the result for this period. Deferred tax assets were partly subjected to a valuation allowance, so that EBITDA for the group was EUR -1.56 million (previous year: EUR 3.77 million) and EBIT EUR -17.42 million (previous year: EUR 1.26 million). The operating EBITDA before reorganization activities was EUR 0.55 million, the operating EBIT -3.27 million. On a quarterly basis, EBITDA is EUR -2.86 million and EBIT amounts to EUR -6.68 million. The operating EBITDA totals EUR -0.75 million and EBIT EUR -1.82 million. The result for the first nine months amounts to EUR -20.27 million (previous year: EUR 1.38 million), and for the third quarter EUR -9.58 million. Earnings per share are therefore EUR -1.32 (previous year: EUR 0.10) for the first three quarters. Cash and cash equivalents as at September 30 are EUR 6.70 million, and the equity ratio is 36.0 percent.

Operational business was mainly hit by a major decline in net sales in the Technology and Infrastructure sectors in Germany and partly in the Netherlands. In our traditional Enterprise Services however the number of man hours sold was increased, but margins in this division are under pressure as expected. The first consolidation of SolveDirect early in July 2007 had a positive effect on net sales and the results, and we are currently involved with the integration of SolveDirect with a focus on realising the benefits of anticipated synergies as soon as possible.





Focussing on
core competences

Reorganisation measures completed successfully

BRAIN FORCE launched an efficiency increase initiative in Q3 and started reorganisation of the company under the leadership of the new CEO Guenter Pridt. Within the framework of this programme, the goodwill of companies acquired in the past was depreciated, focussing primarily on the Technology and Infrastructure operations of subsidiaries in the Netherlands as well as BRAIN FORCE Software GmbH and BRAIN FORCE Frankfurt GmbH in Germany. At the same time, the group closed down unprofitable sites in the USA, Spain and the UK and ceased activities involving major marketing expenditure such as motor sport sponsorship. Development of unprofitable products was stopped, and the employees involved with these activities were either laid off or transferred into other divisions.

A major activity of our programme to increase efficiency is concerned with our focus on the group's core markets and core competencies. In future, BRAIN FORCE will increasingly serve regional markets in Germany, Italy, Austria and the Netherlands, aiming at making full use of any existing synergies and sales potential. Furthermore, the BRAIN FORCE team will focus on products and solutions which are based on market standards so as to offer customers added value for their business processes, including the management of business critical IT applications and infrastructures based on standardised security and monitoring products. What is more, BRAIN FORCE sees further market potential in software distribution and migration based on Microsoft Windows. In this context, special corporate software solutions based on Microsoft Dynamics will be our main sales focus.

Another key activity is concerned with the extension of high sales, high profit and high growth divisions, e.g., deploying IT and telecommunications experts and their know-how into consulting and service jobs. Furthermore, the group will broaden activity in the financial services industry by pushing the sales of the successful *BRAIN FORCE FINAS Suite*. Further growth prospects are seen in the products of recently acquired SolveDirect which offer excellent market potential.



Several follow-up
projects successfully
realised

Development in primary segments

BRAIN FORCE has organised its primary segments on the basis of countries and regions:

- ▶ German region (only Germany)
- ▶ South West European region including Italy and Switzerland
- ▶ Central and Eastern European region including Austria, Czech Republic, Slovakia, and the remaining Eastern European countries
- ▶ North European region including the Netherlands, Belgium and Luxembourg

In the first nine months, the German region achieved a net sales growth of 18.3 percent to EUR 34.30 million (previous year: EUR 29.0 million). Accounting for 48 percent of group net sales, it is the holding company's strongest region. EBITDA is EUR -0.37 million (previous year: EUR 2.85 million), and EBIT EUR -11.69 million (previous year: EUR 1.56 million).

Germany was able to win various orders for projects for existing and new customers, including a municipality and a telecommunication company who opted for *BRAIN FORCE ICT Bill*, a new solution for billing of ICT expenses. In the financial services segment, various follow-on orders were placed by long-standing customers. Recently a number of customers have placed their first order for our new *BRAIN FORCE Gewerbeabsicherung* module.

The South West European region achieved net sales of EUR 20.56 million in the first nine months, i.e., a 4.7 percent growth over the same period of the previous year (EUR 19.63 million). EBITDA is EUR 1.51 million (previous year: EUR 1.57 million), and EBIT EUR 0.30 million (previous year: EUR 1.10 million).

In Italy, Microsoft Dynamics CRM and AX were successfully implemented for a Japanese electronics manufacturer. Furthermore, a number of Technology and Infrastructure orders were placed including security solutions as well as software virtualisation systems.

Successful marketing of SolveDirect

The development of the Central and Eastern European region was mainly marked by the acquisition of SolveDirect. At the end of the third quarter, SolveDirect was merged with the existing Austrian BRAIN FORCE SOFTWARE GmbH so as to be able to make use of planned synergies. Net sales for the reporting period were EUR 10.01 million, i.e., a YoY growth of 26.5 percent (EUR 7.91 million). EBITDA slightly rose from EUR 0.21 million in the previous year to EUR 0.27 million at the end of Q3, and EBIT is EUR -0.37 million (previous year: EUR 0.11 million). SolveDirect achieved net sales of EUR 1.06 million, and EBITDA is EUR 0.13 million. The Austrian subsidiary won orders for projects in both the banking and insurance and the public sectors dealing with the SAP environment, JAVA and Oracle applications. SolveDirect was able to successfully market ServiceDesk solutions; in particular in Germany their proprietary *SD-Cube* sold well.

The North European region achieved net sales in the reporting period of EUR 6.57 million which is only slightly below the 2006 figures (EUR 6.64 million). EBITDA is 0.32 million (previous year: EUR 1.14 million) and EBIT EUR -2.32 million (previous year: EUR 0.56 million).

The result was mainly affected by the delay in the launch of VISTA and the weak international sales of *BRAIN FORCE Packaging Robot*. The decrease in net sales however was compensated by the Dutch division being able to win some new customers together with their co-operation partner Atos Origin which lead to major licence and service sales.

Furthermore, *BRAIN FORCE Packaging Robot* was implemented for a regional authority, thereby underpinning BRAIN FORCE's expertise in the public sector.

Group overheads, i.e., costs not allocated to regions, amounted to EUR 3.34 million in the first nine months of this financial year (previous year: EUR 2.07 million).





Orders

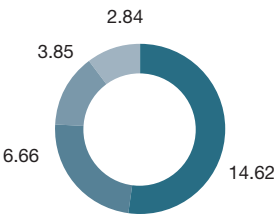
As at September 30, 2007, current orders at group level amounted to EUR 27.97 million, which is 5.1 percent more than in the previous year (EUR 26.60 million).

Orders by region:

- ▶ The German region has orders in hand of EUR 14.62 million (30.09.2006: EUR 17.33 million).
- ▶ The Central and Eastern European region has orders in hand of EUR 6.66 million (30.09.2006: EUR 5.94 million).
- ▶ The South West European region has orders in hand of EUR 3.85 million (30.09.2006: EUR 2.51 million).
- ▶ The North European region has orders in hand of EUR 2.84 million (30.09.2006: EUR 0.82 million)

Orders by region

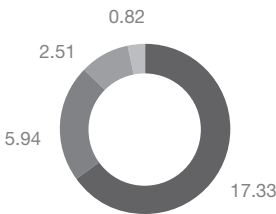
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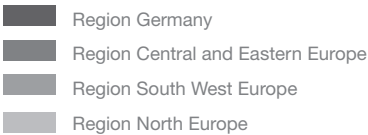
in million EUR



30.09.2006



in million EUR



Research and development

The Technology and Infrastructure division of BRAIN FORCE has started the test phase of *Desktop Manager 2.1*. This system will be launched in the fourth quarter of this year. Furthermore, *BRAIN FORCE ICT Bill*, a software package for usage-based corporate billing of ICT services was introduced onto the market, enabling invoicing of ICT expenses on a division basis. This gives companies a clear productivity increase and thereby a competitive edge.

In the Business Solutions segment, *BRAIN FORCE FINAS Suite* including the *Fondsberatung*, *Vergleichsrechner* and *Vertragsverwaltung* modules was revised and upgraded. Now financial services consultants can prepare for their customers an optimized quotation which meets the requirements of the Flat Rate Tax. At the same time, the *BRAIN FORCE Gewerbeabsicherung* module was launched which helps insurance companies to tap into new sales potential with corporate customers.

New sales potential by
BRAIN FORCE
Gewerbeabsicherung

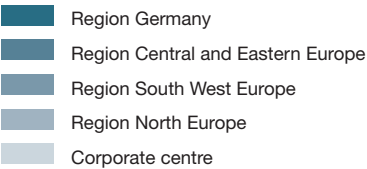
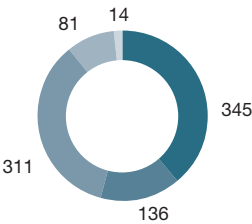
Human Resources

On September 30, 2007 there were 887 salaried employees, i.e., a 2.4 percent increase compared with the previous year (866). Furthermore, the group had 306 free-lance employees, which represents a decrease of 4.1 percent from the reporting date of the previous year.

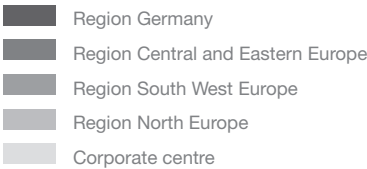
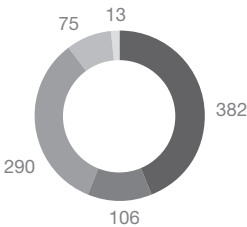
Staffing levels by region are as follows:

Staffing levels by region

30.09.2007



30.09.2006



Slight proceeds
expected in Q4



Anticipated developments

Within the reorganization, BRAIN FORCE anticipates a turnaround for the fourth quarter of this financial year. Net sales for this period are anticipated to be some EUR 26 million with a slightly positive EBIT. In the coming year, this trend is expected to continue, with net sales undergoing a 5 to 10 percent growth. EBITDA is anticipated to be between EUR 6 and 7 million, and EBIT between EUR 2 and 3 million, i.e., a sustainable positive result.

Quarterly report Q3/2007

Consolidated balance sheet as at September 30, 2007

	30.09.2007	31.12.2006
Assets	EUR	EUR
Non-current assets		
Property, plant and equipment	2,346,276	1,614,068
Goodwill	15,912,720	21,304,952
Other intangible assets	13,780,854	10,487,375
Investments in associates	5,902	536,857
Financial assets	185,038	183,283
Other receivables and other assets	789,587	825,772
Deferred tax assets	2,385,903	4,768,959
	35,406,280	39,721,266
Current assets		
Inventories	115,191	337,613
Trade receivables	26,547,349	25,851,979
Financial assets	1,370,197	0
Other receivables and other assets	1,725,731	2,134,858
Cash and cash equivalents	6,698,998	13,533,837
	36,457,466	41,858,287
	71,863,746	81,579,553

	30.09.2007	31.12.2006
Equity and liabilities	EUR	EUR
Equity		
Equity attributable to equity holders of the parent		
Share capital	15,386,742	15,386,742
Reserves	24,423,503	24,475,469
Retained earnings	-13,897,060	8,365,027
Own shares	0	-134,737
	25,913,185	48,092,501
Non-current liabilities		
Financial liabilities	11,310,563	547,815
Other liabilities	78,132	27,449
Provisions for post-employment benefits	3,331,693	3,881,527
Other provisions	1,460,901	3,155,240
Deferred tax liabilities	2,676,234	1,887,977
	18,857,523	9,500,008
Current liabilities		
Financial liabilities	3,756,734	1,999,158
Trade payables	8,284,530	8,520,498
Other liabilities	11,158,098	10,527,742
Tax provisions	1,355,003	1,698,344
Other provisions	2,538,673	1,241,302
	27,093,038	23,987,044
	71,863,746	81,579,553

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

	quarterly report 01.07.2007 - 30.09.2007	quarterly report 01.07.2006 - 30.09.2006	9-months report 01.01.2007 - 30.09.2007	9-months report 01.01.2006 - 30.09.2006
	EUR	EUR	EUR	EUR
1. Net sales	23,694,553	20,276,583	71,444,203	63,181,535
2. Changes in work in progress	-260,993	-1,485	-211,232	78,538
3. Other own work capitalised	171,304	431,219	1,110,046	1,235,821
4. Other operating income	54,557	410,723	401,089	1,182,036
5. Material and cost of purchased	-18,304,437	-14,382,332	-53,738,505	-44,843,614
6. Employee benefit costs	-4,986,302	-3,456,383	-13,064,213	-10,953,516
7. Depreciation and amortisation	-1,376,767	-858,087	-4,126,623	-2,509,110
8. Extraordinary depreciation expense	-2,447,000	0	-11,737,285	0
9. Other operating expense	-3,225,380	-2,766,585	-7,502,055	-6,110,799
10. Operating result	-6,680,465	-346,347	-17,424,575	1,260,891
11. Financial income	57,169	161,566	385,397	385,723
12. Financial costs	-202,751	-88,677	-715,472	-254,885
13. Financial result	-145,582	72,889	-330,075	130,838
14. Share of profit of associates	-500,283	-52,940	-518,911	203,239
15. Result before income taxes	-7,326,330	-326,398	-18,273,561	1,594,968
16. Income taxes	-2,249,048	-231,570	-1,993,413	-210,770
17. Result for the period	-9,575,378	-557,968	-20,266,974	1,384,198
Result for the period attributable to:				
Equity holders of the parent	-9,575,378	-557,968	-20,266,974	1,384,198
Minority interest	0	0	0	0
	-9,575,378	-557,968	-20,266,974	1,384,198
Earnings per share			-1,32	0,10

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

01.01.2007
- 30.09.2007

01.01.2006
- 30.09.2006

17

	EUR	EUR
Cash flow from operating activities		
Result before taxes	-18,273,561	1,594,969
Adjustments for:		
+ Depreciation and amortisation	15,863,908	2,509,110
+/- Financial result	330,075	-130,838
+/- Share of profit of associates	518,911	-203,239
+/- Losses/profit from the disposal of property, plant and equipment and intangible assets	-8,551	13,659
+/- Changes in provisions for post-employment benefits and other provisions	-635,108	-527,504
+/- Changes in inventories	228,022	-85,043
+/- Changes in receivables	660,395	2,411,386
+/- Changes in payables	-461,376	-1,425,389
+/- Currency translation differences	14,659	7,973
	-1,762,626	4,165,084
+/- Interests received/paid	-100,018	-4,758
+ Dividends received	0	137,841
- Taxes on income paid	-1,372,511	-1,140,330
Net cash flow from operating activities	-3,235,155	3,157,837
Net cash flow from investing activities		
- Acquisition of subsidiaries	-6,860,134	-8,294,414
- Cash outflow for investments in property, plant and equipment and other intangible assets	-2,377,902	-1,790,442
- Cash outflow for investments in other financial assets	-9,439,661	-9,420,543
+ Sale of property, plant and equipment and other intangible assets	44,978	7,619
+ Cash inflow from the disposal of other financial assets and current financial assets	8,461,177	5,155,735
Net cash flow from investing activities	-10,171,542	-14,342,045
Cash flow from financing activities		
+ Proceeds from issue of ordinary shares	0	14,092,861
- Purchase of own shares	-3,032,962	0
- Dividends paid	-1,505,546	-820,054
+/- Proceeds from borrowing/repayment of financial liabilities	11,440,279	-3,666,439
Net cash flow from financing activities	6,901,771	9,606,368
Increase/decrease in cash and cash equivalents	-6,504,926	-1,577,840
Cash and cash equivalents at beginning of year	13,203,924	11,106,099
+/- Increase/decrease	-6,504,926	-1,577,840
Cash and cash equivalents at end of period	6,698,998	9,528,259

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 - September 30, 2006

Total result for the period

Capital increase for cash

Transaction costs for capital increase

Dividend

Other movements within minority interest

Balance September 30, 2006

Fair value adjustments of securities

Currency translation differences

Transfer of reserves

Net income recognised directly in equity

Result for the period October 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

Total result for the period

Dividend

Change of own shares

Other movements within minority interest

Balance September 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	15,791,657	-149,821	5,812,121	-29,925	31,681,861	425,830	32,107,691
0	0	-22	0	0	-22	0	-22
0	0	10,561	0	0	10,561	0	10,561
0	0	10,539	0	0	10,539	0	10,539
0	0	0	1,384,198	0	1,384,198	0	1,384,198
0	0	10,539	1,384,198	0	1,394,737	0	1,394,737
5,128,914	10,770,719	0	0	0	15,899,633	0	15,899,633
0	-1,811,773	0	0	0	-1,811,773	0	-1,811,773
0	0	0	-820,054	0	-820,054	0	-820,054
0	0	0	-870,518	0	-870,518	-425,830	-1,296,348
15,386,742	24,750,604	-139,282	5,505,748	-29,925	45,473,887	0	45,473,887
0	0	-7,597	0	0	-7,597	0	-7,597
0	0	-17,993	0	0	-17,993	0	-17,993
0	0	-110,262	110,262	0	0	0	0
0	0	-135,852	110,262	0	-25,590	0	-25,590
0	0	0	2,788,649	0	2,788,649	0	2,788,649
0	0	-135,852	2,898,911	0	2,763,059	0	2,763,059
0	0	0	0	-104,813	-104,813	0	-104,813
0	0	0	-39,632	0	-39,632	0	-39,632
15,386,742	24,750,604	-275,134	8,365,027	-134,737	48,092,501	0	48,092,501
0	0	751	0	0	751	0	751
0	0	-1,106	0	0	-1,106	0	-1,106
0	0	-356	0	0	-356	0	-356
0	0	0	-20,266,974	0	-20,266,974	0	-20,266,974
0	0	-356	-20,266,974	0	-20,267,330	0	-20,267,330
0	0	0	-1,505,546	0	-1,505,546	0	-1,505,546
0	-51,611	0	0	134,737	83,127	0	83,127
0	0	0	-489,567	0	-489,567	0	-489,567
15,386,742	24,698,993	-275,490	-13,897,060	0	25,913,185	0	25,913,185

Notes on the financial statements as at September 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 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 September 30, 2007 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The accounts of 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 September 30, 2007, incorporated within the consolidated financial statements, were drawn up in accordance with IFRS principles.

The structure of the consolidated balance sheet, group income 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 income 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 this business year, 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.

By virtue of a purchase contract signed on July 6, 2007, BRAIN FORCE HOLDING AG acquired 100 percent of the shares of SolveDirect.com Internet-Services GmbH, Vienna. In line with the merger contract of August 22, 2007, SolveDirect.com Internet-Services GmbH was merged with BRAIN FORCE SOFTWARE GmbH, Vienna. The merger was entered in the commercial register on September 21, 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, Munich, 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 ²⁾	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 ³⁾	25
KEMP Technologies Inc., New York, USA	30

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

²⁾ Share held by BRAIN FORCE SOFTWARE s.r.o., Prague.

³⁾ Share held by BRAIN FORCE S.p.A..

A total of 14 companies (31.12.2006: 14) are fully consolidated and two associated companies (December 31, 2006: 2) at equity are incorporated in the interim financial statement as of September 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 11.9 percent to EUR 71.86 million (December 31, 2006: EUR 81.58 million).

Non-current assets constitute 49.3 percent of total assets and amount to EUR 35.41 million on September 30, 2007 (December 31, 2006: EUR 39.72 million).

The reduction in non-current assets and balance sheet total is mainly due to extraordinary depreciation of goodwill and a reduction in value of other intangible assets. On the other hand, assets saw an increase arising from the acquisition of SolveDirect.com GmbH.

The worth of goodwill was reduced by EUR 5.39 million to EUR 15.91 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 8.65 million. As a result of

the acquisition of SolveDirect.com GmbH, the value of the goodwill increased by EUR 5.56 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 11.28 million. Of this amount, EUR 8.90 million are for assets acquired by the take-over of SolveDirect.com. An increase of EUR 2.38 million is for existing affiliated companies, including EUR 1.11 million (previous year: EUR 1.24 million) of product development costs.

As at September 30, 2007, the other intangible assets account for EUR 13.78 million (December 31, 2006: EUR 10.49 million). The portion of development costs contained therein amounts to EUR 3.03 million (December 31, 2006: EUR 6.40 million), i.e., 4.2 percent of total assets (December 31, 2006: 7.8 percent). In the report period there was made an extraordinary decrease in value amounting to EUR 3.09 million. 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, saw a decrease of EUR 0.53 million. This item mainly includes a 30 percent share in KEMP Technologies Inc., the book value of which was checked for a reduction in this reporting period. According the last quarterly report as of June 30, 2007 by KEMP and the assessment of the development going forward, a need to decrease the value by EUR 0.50 million was identified and booked in this reporting period.

Miscellaneous non-current receivables of TEUR 790 (December 31, 2006: TEUR 826) include for the most part a signed convertible bond of TEUR 632.

The deferred tax assets as at September 30, 2007 amount to EUR 2.39 million (December 31, 2006: EUR 4.77 million). The reduction results from an adjustment of anticipated tax loss carried forward within BRAIN FORCE Software GmbH, Munich. This adjustment is due to a modification of the company's medium-term planning and to the corporate tax reform enacted by the German Bundesrat.

Current assets constitute 50.7 percent of total assets, decreasing by EUR 5.40 million to EUR 36.46 million

Trade receivables increased 2.7 percent as compared to December 31, 2006 to EUR 26.55 million (December 31, 2006: EUR 25.85 million).

Financial assets totalling EUR 1.37 million (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 1.73 million (December 31, 2006: EUR 2.13 million) is largely made up of the prepayments from maintenance contracts totalling TEUR 944 (December 31, 2006: TEUR 775).

Cash and cash equivalents amount to EUR 6.70 million (December 31, 2006: EUR 13.53 million). Together with financial assets, current liquid assets amount to EUR 8.07 million.

IFRS-based group equity is EUR 25.91 million (December 31, 2006: EUR 48.09 million). The equity ratio as at the September 30, 2007 reporting date is 36.1 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 9.36 million to EUR 18.86 million (December 31, 2006: EUR 9.50 million). The increase is largely due to a long-term loan of EUR 10 million. Provisions for pensions (EUR -0.55 million) as well as other long-term provisions (EUR -1.70 million) saw a decrease. Other long-term provisions include the purchase price obligations from the acquisition of BRAIN FORCE B.V. and SolveDirect.com Internet-Service GmbH which depend on the companies' success.

Trade payables amount to EUR 8.28 million (December 31, 2006: EUR 8.52 million) and include down payments of TEUR 750 (December 31, 2006: TEUR 772).

Other current liabilities amount to EUR 11.16 million (December 31, 2006: EUR 10.53 million), an increase of EUR 0.63 million. This item reflects an increase in deferred maintenance contracts of EUR 0.72 million to EUR 2.21 million.

Other provisions include current variable purchase price obligations resulting from the acquisition of BRAIN FORCE B.V. and SolveDirect.com Internet-Service GmbH.

Working capital at the September 30, 2007 reporting date is EUR 9.36 million (December 31, 2006: EUR 17.87 million). Net indebtedness amounts to EUR 7 million.

Notes on income statement

The group income statement was compiled in compliance with the type-of-expenditure format. Net sales for the reporting period January 01 - September 30, 2007 were EUR 71.44 million (previous year: EUR 63.18 million). Net sales thereby rose by 13.1 percent. Other internal work capitalised amounts to EUR 1.11 million (previous year: EUR 1.24 million).

The cost of materials and services total EUR 53.74 million (previous year: EUR 44.84 million).

Employee benefit costs for administration and distribution rose by EUR 2.11 million over the figures for the previous year to EUR 13.06 million.

Scheduled depreciation and amortisation expenses, including the capitalisation assets as part of the purchase price allocation, amount to EUR 4.13 million (previous year: EUR 2.51 million).

In the reporting period, extraordinary depreciation of goodwill as well as impairment loss of other intangible assets of EUR 11.74 million were reported. Depreciation of goodwill totals EUR 8.65 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 3.50 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 mainly 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 6.25 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, EUR 0.25 in South West Europe and the remainder in Central and Eastern Europe.

This failure to meet targets also led to impairment loss of development costs (EUR 1.86 million) and sales rights as well as customer relationships carried as an asset (EUR 1.23 million). A reduction in the value of sales rights and customer relationships 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 (EUR 0.13 million). The remainder stems from the Central and Eastern European regions.

Other operational expenses rose by EUR 1.39 million to EUR 7.50 million (previous year: EUR 6.11 million). This is mainly due to increased recruiting, branding and advertisement expenses. The financial result was TEUR -330 (previous year: TEUR +131). The result from associated companies includes the contribution to operating income and impairment loss of KEMP Technologies Inc. amounting to EUR 0.52 million.

The result before income taxes is EUR -18.27 million (previous year: EUR +1.59 million). Income taxes amount to EUR -1.99 million (previous year: TEUR -211).

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 and Switzerland
- ▶ North European region including the Netherlands and Great Britain

BRAIN FORCE Inc., New York, USA, as well as the contribution to operating income of KEMP Technologies Inc., New York, USA are posted as 'non attributable costs'.

Key figures by regions as at September 30, 2007 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)	34,302,657	10,013,743	20,562,404	6,565,399	0	71,444,203
Segment operating result before segment depreciation and amortisation (EBITDA)	-370,917	270,805	1,505,675	323,945	-3,290,175	-1,560,667
Segment depreciation and amortisation	11,324,019	637,926	1,209,562	2,639,843	52,558	15,863,908
Segment operating result	-11,694,936	-367,121	296,113	-2,315,898	-3,342,733	-17,424,575
Financial result						-330,075
Share in profit of associates					-518,911	-518,911
Result before income taxes						-18,273,561
Income taxes						-1,993,413
Result for the period						-20,266,974
Segment assets	21,782,617	17,073,662	18,731,269	8,915,022	5,361,176	71,863,746
Segment liabilities	7,244,092	4,111,179	12,876,809	2,319,429	19,399,052	45,950,561
Segment capital expenditure	8,329,082	7,457,334	488,071	532,872	34,452	16,841,811

Key figures by regions 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
Segment net sales (consolidated)	29,004,737	7,906,160	19,628,738	6,641,900	0	63,181,535
Segment operating result before segment depreciation and amortisation (EBITDA)	2,853,434	212,165	1,571,689	1,135,737	-2,003,024	3,770,001
Segment depreciation and amortisation	1,292,365	100,603	472,197	574,985	68,960	2,509,110
Segment operating result	1,561,069	111,562	1,099,492	560,752	-2,071,984	1,260,891
Financial result						130,838
Share in profit of associates	215,798		-12,559			203,239
Result before income taxes						1,594,968
Income taxes						-210,770
Result for the period						1,384,198
Segment assets	32,598,388	3,650,985	18,366,784	9,565,987	10,195,427	74,377,571
Segment liabilities	9,055,100	2,188,170	12,007,126	1,669,719	3,983,569	28,903,684
Segment capital expenditure	8,680,639	33,208	423,206	362,022	87,883	9,586,958

Key figures by business segments as at September 30, 2007 are as follows:

	Enterprise Services	Business Solutions	Technology and Infrastructure	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	27,212,874	19,586,231	24,645,098	0	71,444,203
Segment assets	12,672,051	16,582,096	37,248,422	5,361,177	71,863,746
Segment capital expenditure	478,038	726,466	15,602,855	34,452	16,841,811

Key figures by business segments as at September 30, 2006 are as follows:

	Enterprise Services	Business Solutions	Technology and Infrastructure	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	24,552,939	19,260,761	19,367,835	0	63,181,535
Segment assets	20,058,073	22,887,713	21,236,358	10,195,427	74,377,571
Segment capital expenditure	7,810,947	727,504	960,624	87,883	9,586,958

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 taxes of EUR -18.27 million (previous year: EUR 1.59 million) the net cash and cash equivalents from operating activities show a cash outflow of EUR 3.24 million (previous year: cash inflow of EUR 3.16 million).

Depreciation increased, compared with the previous year, by EUR 13.35 million to EUR 15.86 million, of which EUR 11.74 million is for extraordinary depreciation of goodwill as well as other reductions in value. The change in provisions for pensions saw a reduction of EUR 0.64 million. As compared with December 31, 2006, receivables decreased by EUR 0.66 million. The changes in liabilities show a cash outflow of EUR 0.46 million. Paid income taxes amount to EUR 1.37 million (previous year: EUR 1.14 million).

The cash outflow resulting from investing activities was EUR 10.17 million (previous year: EUR 14.34 million).

EUR 6.86 million were incurred for the acquisition of subsidiaries, including payments for the acquisition of SolveDirect (EUR 5.24 million) and in connection with the squeeze-out of existing shareholders of Brain Force Financial Solutions AG and the subsequent shareholder action (EUR 0.36 million). A total of EUR 1.26 million was paid for companies acquired in previous years, these being mainly earn-out payments in connection with the acquisition of BRAIN FORCE B.V., Netherlands.

The acquisition of tangible and other intangible assets accounted for expenditure of EUR 2.38 million (previous year: EUR 1.79 million). The cash outflow for the acquisition of other financial assets and investments amounts to EUR 9.44 million (previous year: EUR 9.42 million). The sale of other financial assets and investments generated a cash inflow of EUR 8.46 million (previous year: EUR 5.16 million).

Net cash inflow resulting from financing activities totals EUR 6.90 million (previous year: EUR 9.61 million).

EUR 11.44 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 3.03 million was paid for the acquisition of our own stock. All our own shares were transferred to the sellers of SolveDirect as a portion of the purchase price for the acquisition.

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 September 30, 2007 reporting date, the BRAIN FORCE group has cash, cash equivalents and current financial assets amounting to EUR 8.07 million (December 31, 2006: EUR 13.53 million) at its disposal.

Acquisition

By virtue of a purchase contract signed on July 6, 2007, BRAIN FORCE HOLDING AG acquired 100 percent of the shares of SolveDirect.com Internet-Services GmbH, Vienna. SolveDirect is a provider of an IT Service Management Software which is based on a fully collection of best practises according to ITIL. BRAIN FORCE will complete its IT management suite by offering SolveDirect's products.

In line with the purchase and assignment contract, the shares in SolveDirect were assigned to the purchaser at the end of June 30, 2007. It was July 1, 2007 was elected to be the date of first consolidation.

Within the framework of this first consolidation, the IFRS 3 regulation for preliminary financial statements was applied, i.e., the first financial statement of the merger will be published on a preliminary basis at the end of the reporting period when the merger took place, as only provisional fair values of any identified assets, liabilities or contingency could be determined.

The purchase price including incidental acquisition costs amounted to EUR 12.07 million. Assets with a fair value of EUR 10.61 million were taken over, including non-current assets of EUR 8.90 million. The acquired cash and cash equivalents total EUR 0.77 million, and the liabilities which have been taken over amount to EUR 4.10 million, including non-current liabilities of EUR 3.19 million. The acquired goodwill amounts to EUR 5.56 million.

The acquired company contributed to the operating income in the reporting period as follows: from July 1 to September 30, 2007, net sales of EUR 1.06 million and a result for the period of TEUR -92 was achieved. Total assets as at September 30, 2007 amount to EUR 10.33 million and debts to EUR 3.91 million.

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% 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.

Disclosures pursuant to IAS 24:

By virtue of a purchase contract signed on July 6, 2007, BRAIN FORCE HOLDING AG acquired all the shares of SolveDirect.com Internet-Services GmbH, Vienna. The purchase price was partly paid using BRAIN FORCE shares which are subject to a staged capital lockup.

In a side agreement dated July 6, 2007, signed by the sellers and BRAIN FORCE HOLDING AG, BRAIN FORCE agrees to transfer locked-up shares to MARCHSIXTEEN FINANCE SERVICES LLP (M16) subject to compliance with certain conditions.

In a separate agreement between the sellers and M16, the sellers agree, by waiving any effective general agreements, to transfer to M16 7.5 percent of the purchase price which the sellers have received from BRAIN FORCE HOLDING AG for the transfer of shares in SolveDirect.com Internet-Services GmbH. Payout of the 7.5 percent bonus agreement by the seller to M16 is subject to payment of the purchase price by BRAIN FORCE to existing shareholders and is therefore split into a fixed purchase price, a 2007 earn-out and a 2008 earn-out payment. Currently the bonus agreement covers the fixed purchase price of EUR 9,000.000. One member of the Supervisory Board is a partner and the Managing Director of MARCHSIXTEEN FINANCE SERVICES LLP.

At the Supervisory Board Meeting on September 4, 2007, the immediate release of the CEO Helmut Fleischmann was resolved. At the same time, Günter Pridt, former Vice Chairman of BRAIN FORCE HOLDING AG, was elected interim CEO, and his interim contract was subsequently renewed up until the end of 2009.

As of October 29, 2007, Wolfgang Lippert, CFO of BRAIN FORCE HOLDING AG, resigned from his board membership for personal reasons. CEO Günter Pridt agreed to act as the sole CEO until further notice.

There were 887 salaried employees at the reporting date (September 30, 2006: 866); orders amount to EUR 27.97 million (September 30, 2006: EUR 26.60 million).

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

Vienna, November 26, 2007

The Executive Board:



Günter Pridt
Chief Executive Officer

Important dates 2008

Date	Event
27.03.2008	Annual report 2007 and balance press conference
24.04.2008	Annual shareholders' meeting

Imprint

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