

CPI	5202	CPI	ANSI	SYS	APPEND	EXE	ASSIGN
EXE	CHKDSK	COM	COMMAND	COM	COMP	COM	COUNT
COM	DISKCOPY	COM	DISPLAY	SYS	DRIVER	SYS	EDLIN
EXE	FASTOPEN	EXE	FDISK	COM	FIND	EXE	FORMAT
COM	GRAPHICS	COM	JOIN	EXE	KEYB	COM	LABEL
COM	MORE	COM	MLSFUNC	EXE	PRINT	COM	RECOVE
COM	SORT	EXE	SUBST	EXE	SYS	COM	TREE
5 File(s)		1024 bytes free					



# Key figures

Earnings Data			1-3/2007	1-3/2008	Change in %	Ultimo 2007
Revenues		EUR million	23.56	25.33	+8	98.33
EBITDA		EUR million	0.40	1.62	>100	0.35
EBIT		EUR million	-0.69	0.61	>100	-16.68
Profit before tax		EUR million	-0.74	0.44	>100	-17.91
Profit after tax		EUR million	-1.17	0.16	>100	-19.91
Earnings per share		EUR	-0.08	0.01	>100	-1.29
Capital expenditure		EUR million	0.84	0.66	-21	2.82
Acquisitions <sup>1)</sup>		EUR million	0.06	0	-100	10.05
Employees <sup>2)</sup>	Number		1,140	1,107	-3	1,164

Balance Sheet Data			31.12.2007	31.03.2008	Change in %
Equity		EUR million	26.27	26.43	+1
Net debt		EUR million	6.53	7.34	+12
Capital employed		EUR million	32.62	33.59	+3
Working capital		EUR million	4.77	6.17	+29
Balance sheet total		EUR million	74.34	74.22	0
Gearing	%		25	28	-

Stock Exchange Data <sup>3)</sup>			1-12/2007	1-3/2008	Change in %
Highest share price		EUR	3.46	2.50	-28
Lowest share price		EUR	1.76	1.89	+7
Closing rate (ultimo)		EUR	1.92	2.48	+29
Weighted number of shares		1,000	15.387	15.387	0
Market capitalisation (ultimo)		EUR million	29.54	38.16	+29

Segments 1-3/2008	Germany		Central and Eastern Europe		South West Europe		North Europe		Holding and Other	
EUR million or %										
Revenues	11.77	(+6%)	3.66	(+23%)	6.99	(-4%)	2.92	(+29%)	-	-
EBITDA	0.71	(>100%)	0.13	(+39%)	0.55	(-14%)	0.42	(+11%)	-0.18	(+74%)
EBIT	0.30	(>100%)	-0.14	(>100%)	0.40	(-15%)	0.26	(+50%)	-0.20	(+72%)
Total investments	0.19	(-55%)	0.04	(>100%)	0.27	(>100%)	0.14	(-47%)	0.02	(>100%)
Employees <sup>2)</sup>	420	(-9%)	180	(+15%)	405	(-6%)	92	(+18%)	10	(-23%)

1) Including payments with own shares (treasury stock)

2) Average number of employees (salaried and free-lance)

3) Vienna Stock Exchange

# Chief Executive's Review

Dear Shareholders,

The first quarter of 2008, the 25th anniversary year marking the existence of BRAIN FORCE, confirmed the positive effects of the restructuring measures initiated about six months ago.

Revenues totalled EUR 25.33 million in the first three months of 2008, an increase of 8% year-on-year, including the revenue contribution of SolveDirect, acquired in July 2007, amounting to EUR 1.13 million. Organic growth was 3%, which corresponds to the business targets defined within the context of the restructuring process initiated in the second half of 2007. As part of our concentration strategy, we shut down unprofitable business operations in the USA, Great Britain and Spain, reorganised our sales and product portfolio and focused henceforth on our core strengths and promising, profitable business activities. In this regard, we will continually expand upon our products and services in the Business Solutions as well as in the Technology and Infrastructure business areas in Germany, Austria, Italy and the Netherlands, and further optimise our Professional Services business.

The initial successes of this strategy can be demonstrated with the operational turnaround already achieved in the fourth quarter of 2007, a development which continued in the first quarter of 2008. EBITDA of EUR 1.62 million represents a considerable improvement on the weak performance of the first quarter of 2007, featuring EBITDA of EUR 0.40 million. EBIT also climbed considerably to EUR +0.61 million during the period under review, from a loss of EUR -0.69 million in the first quarter of the preceding year. The operating result of our German business operations posted a strong improvement, as did our business in Italy, the Netherlands and the Czech Republic. I must also mention the disappointing performance of SolveDirect in the first quarter of 2008, which negatively impacted earnings in Austria and the Region Central and Eastern Europe. Despite the costs of current takeover proceedings, EBIT significantly improved to EUR -0.20 million in the Holding and Other segment from the previous year's loss of EUR -0.72 million. This can be attributed to the initial invoicing of brand licensing costs from the holding to the operational units. On balance, BRAIN FORCE Group generated a profit after tax of EUR 0.16 million, following a loss of EUR -1.17 million in the first quarter of 2007.

Aside from our operations, a major event occurred in the first quarter in regard to the development of the shareholder structure of BRAIN FORCE Holding AG. As you probably know, BF Informationstechnologie-Beteiligungsgesellschaft m.b.H. (BFIB), a subsidiary of Cross Industries AG (Cross) and Unternehmens Invest AG (UIAG), submitted a takeover bid for BRAIN FORCE. The offer amounts to EUR 2.40 per share, and was accepted by 2.85% of the shareholders in the initial phase lasting until April 17, 2008. As a result, BFIB now holds 28.48% of the voting rights in BRAIN FORCE. If one includes the stake owned by BEKO Holding AG, with which BFIB has concluded a separate voting rights agreement, BFIB currently controls 34.16% of the voting rights. The final acceptance period of the offer will last until July 22, 2008. The responses of the Managing Board and Supervisory Board of BRAIN FORCE to this takeover bid were published on April 4, 2008, and can be found on our Website.



Günter Pridt,  
Chief Executive Officer of  
BRAIN FORCE Holding AG

[Return to positive EBIT and profit after tax](#)

[Acceptance period of takeover offer lasts until July 22, 2008](#)

BRAIN FORCE with a second member on the Managing Board since April 2008

2008 business target:  
> EUR 100 million revenues and EBIT of EUR 2-3 million

Finally, I am happy to announce that Thomas Melzer has joined me on the BRAIN FORCE Managing Board since April 2008, serving as Chief Financial Officer. Thomas has extensive experience in finance and capital markets, and was most recently the head of investor relations and a member of the Management Committee of Wienerberger AG. Together we will consistently implement the consolidation strategy initiated in 2007.

For the current financial year, we continue to expect revenues of at least EUR 100 million, EBITDA of EUR 6-7 million, and an EBIT of EUR 2-3 million. From today's point of view, these goals seem to be quite realistic, and I am confident we will achieve them. However, I would like to point out that we will have to carry out a series of further optimisation measures at SolveDirect in order to sustainably ensure the ambitious medium-term business planning. Otherwise the risk exists that we will have to implement extraordinary write-offs for this subsidiary due to the high purchase price and the resulting balance sheet values.

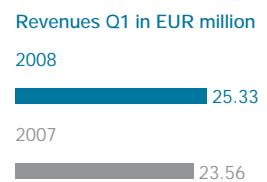
Sincerely,

A handwritten signature in blue ink, appearing to read "Peter Pöhl".

# Financial Review

## Earnings

In the first three months of 2008, revenues of the BRAIN FORCE Group rose 8%, to EUR 25.33 million. This top-line growth is primarily related to the consolidation of Solve-Direct.com Internet-Service GmbH, Austria, acquired in July 2007 and merged with BRAIN FORCE Software GmbH, Austria in August 2007, which contributed EUR 1.13 million to first quarter 2008 revenues. Organic growth in the BRAIN FORCE Group was 3% during the period under review. Revenues in Germany increased by 6% to EUR 11.77 million, whereas revenues in the Region Central and Eastern Europe climbed by 23% to EUR 3.66 million on the basis of the acquisition of SolveDirect, and by 29% in the Region North Europe, to EUR 2.92 million. In contrast, revenues fell slightly in the Region South West Europe, declining by 4% year-on-year, to EUR 6.99 million, which can be attributed to the termination of low-margin business activities.



Group EBITDA (operating result before depreciation) developed favourably, improving to EUR 1.62 million during the period under review, from the previous level of EUR 0.40 million. This is chiefly related to the turnaround on the German market, which achieved a clearly positive EBITDA of EUR 0.71 million, up from EUR -0.02 million in the preceding year. The Region North Europe improved its EBITDA to EUR 0.42 million (previous year: EUR 0.38 million), as did Central and Eastern Europe with EUR 0.13 million (previous year: EUR 0.09 million), whereas the EBITDA of South West Europe at EUR 0.55 million was slightly below the first quarter 2007 level of EUR 0.64 million, only due to changes in intercompany charges. The business of SolveDirect in Austria developed less satisfactorily in the first quarter of the 2008 financial year, following the good results generated in the fourth quarter of 2007.



On the basis of the positive EBITDA development, Group EBIT (operating result) significantly improved year-on-year, rising to EUR +0.61 million, compared to the previous year's level of EUR -0.69 million. Taking account of the financial result of EUR -0.17 million (previous year: EUR -0.05 million), the BRAIN FORCE Group achieved a profit before tax of EUR 0.44 million following a loss of EUR -0.74 million in the first quarter 2007. Profit after tax amounted to EUR 0.16 million, which translates into a tax burden of 64%. This high corporate tax rate can be primarily attributed to the Italian IRAP, which prescribes a tax on personnel expenses and thus puts personnel-intensive companies at a disadvantage. Earnings per share in the first quarter 2008 were EUR +0.01 (previous year: EUR -0.08).

Clearly positive EBIT in Q1 2008

## Cash flow

On the basis of the positive earnings development, the gross cash flow in the first quarter of 2008 improved considerably, climbing from EUR -0.07 to +1.53 million, whereas the cash flow from operating activities fell to EUR -0.16 million, down from EUR 0.69 million in the previous year. This decline is primarily the result of changes in legal provisions for severance payments in Italy and the subsequent expenditures, as well as an increase in trade receivables in Germany and Italy in the current financial year.

Operating cash flow below 2007 level due to higher trade receivables

Lower cash flow from investing activities reflects consolidation strategy

The significant improvement in the cash flow from investing activities at EUR -1.52 million in the first three months of 2008 (previous year: EUR -4.65 million) is chiefly related to a lower level of investments in securities as well as a reflection of the current concentration and consolidation strategy, focusing on a stop of acquisitions in order to optimally integrate acquired subsidiaries and improve profitability. However, parts of the purchase price from the concluded earn-out agreements of past acquisitions will be due in future periods.

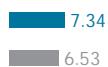
Unusually high level of cash and cash equivalents in first quarter of previous year

At the end of the first quarter 2008, cash and cash equivalents amounted to EUR 7.64 million, a decline of EUR 11.65 million compared to the end of first quarter 2007. The unusually high level of cash and cash equivalents in the previous year resulted from a bonded loan amounting to EUR 10 million, taken out in the first quarter of 2007, which was subsequently used to pay the acquisition cost for SolveDirect during the third quarter of 2007.

Equity in EUR million



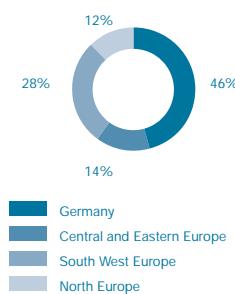
Net debt in EUR million



Q1 2008

Q1 2007

Revenue by region Q1



Numerous new projects for existing customers

### Asset and financial position

The balance sheet total of the BRAIN FORCE Group was EUR 74.22 million as at March 31, 2008 and equity amounted to EUR 26.43 million. Accordingly, the equity ratio was 36%. These figures have not changed significantly since the previous balance sheet date. Net debt was EUR 7.34 million, a rise of 12% since the balance sheet date at December 31, 2007, due to the lower level of cash and cash equivalents. Similarly, gearing (proportion of net debt to equity) in the BRAIN FORCE Group rose from 25 to 28% since the same date.

### Development of primary segments

BRAIN FORCE has assigned its business activities to the following primary segments or regions:

- ▶ Germany
- ▶ Central and Eastern Europe with Austria, Czech Republic and Slovakia
- ▶ South West Europe with Italy and Switzerland
- ▶ North Europe with the Netherlands

The Region Germany boosted its revenues in the first quarter 2008 by 6% to EUR 11.77 million, and is the largest single region in the Group with a 46% share of Group revenues. As a consequence of the implemented restructuring measures and the focus on higher margin products and services, EBITDA improved considerably, rising from EUR -0.02 to +0.71 million year-on-year. The region also generated a positive EBIT of EUR 0.30 million in the period under review, following a loss of EUR -0.66 million reported in the first quarter of 2007.

The Region generated numerous new projects for existing customers in the Business Solutions business area. In the insurance field, licenses were sold to apply the software system *BRAIN FORCE Capital Gain Tax*<sup>+</sup> as well as the HTML version of the successful product *BRAIN FORCE Provision Optimising*. The Technology and Infrastructure business area successfully implemented the migration of *BRAIN FORCE Net Organizer* for the municipal utility company of a large German

city and supplied the first version of *BRAIN FORCE ICT Bill* to a large energy company. The Professional Services business area won the subsidiary of a global technology group as a new customer.

Revenues of the Region Central and Eastern Europe in the first quarter 2008 climbed by 23% to EUR 3.66 million. During the period under review, EBITDA increased from EUR 0.09 to 0.13 million, whereas EBIT was slightly negative, at EUR -0.14 million (previous year: EUR 0.05 million). This can be primarily attributed to the unsatisfactory development of sales at SolveDirect, as well as the depreciation arising from the purchase price allocation.

Higher depreciation from purchase price allocation for SolveDirect

The Business Solutions business area (SolveDirect) succeeded in implementing its product SD.cube for an international IT infrastructure services provider. Moreover, this product was also applied by the IT department of an international banking group. The Professional Services business area received new orders from public service customers and a long-term customer in the field of IT services.

Sales development of SolveDirect below expectations in Q1

In the Region South West Europe, revenues in the first quarter 2008 fell by 4% to EUR 6.99 million, and EBITDA declined to EUR 0.55 million, from the previous year's level of EUR 0.64 million. EBIT was EUR 0.40 million, slightly below EUR 0.46 million in the first quarter 2007. The drop in revenues resulted from the focus on high margin business operations and the business development in Switzerland. Lower earnings only related to the changes in intercompany charges.

Earnings decline in South West Europe due to changes in inter-company charges

BRAIN FORCE won a number of new customers in Italy's health care sector, installing solutions from the Technology & Infrastructure business area (on the basis of VMWare) and the Business Solutions business area (on the basis of Microsoft CRM). Furthermore, an important customer in the field of metal processing implemented our solution on the basis of Microsoft Dynamics AX.

New customers in Italy's health care sector

In the first quarter 2008, revenues of the Region North Europe climbed by 29% to EUR 2.92 million. Following a weak 2007, EBITDA rose by 11% to EUR 0.42 million, and EBIT improved from EUR 0.17 to 0.26 million.

Strong growth in revenues and EBIT in North Europe

Several *Packaging Robot* projects in the Technology & Infrastructure business area were concluded in the health care and public service sectors, demonstrating the strong market position of BRAIN FORCE in these customer segments in the Netherlands. In addition, a desktop management application project was carried out with a government body together with the strategic partner Atos Origin.

Good position in the public sector in the Netherlands

In the Holding and Other segment, EBITDA significantly improved from EUR -0.70 to -0.18 million during the period under review, as did EBIT from EUR -0.72 to -0.20 million, despite increased costs related to the takeover situation. This development is mainly due to the first-time invoicing of brand licensing costs of the holding to the operational units.

Holding posts earnings improvement based on changes in intercompany charges

## Order intake by region

31.3.2008



31.3.2007



SD.cube ML standardises  
service processes

## Order intake

As at March 31, 2008, the BRAIN FORCE Group had orders worth EUR 29.10 million, an increase of 4% compared to the previous year's level of EUR 27.88 million.

The orders can be assigned to the individual regions as follows:

- ▶ Germany accounts for EUR 15.18 million in orders (March 31, 2007: EUR 15.73 million).
- ▶ Central and Eastern Europe has orders on hand of EUR 9.21 million (March 31, 2007: EUR 7.56 million).
- ▶ South West Europe accounts for orders of EUR 3.36 million (March 31, 2007: EUR 3.13 million).
- ▶ North Europe has orders of EUR 1.35 million (March 31, 2007: EUR 1.46 million).

## Research and product development

In the last few months, BRAIN FORCE has adapted its *BRAIN FORCE Health Care* solution in the Business Solutions business area. This will enable insurance agents to optimise their own customer consulting services and demonstrate complex interrelationships in the selection of the right type of health insurance. In addition, preliminary product development work was carried out on *BRAIN FORCE Capital Gain Tax*<sup>+</sup>, enabling financial service providers to offer improved consulting services to their customers in order to optimise their portfolios in the light of the reformed German tax laws.

Moreover, the Technology and Infrastructure business area launched a new version of *BRAIN FORCE Desktop Manager*, allowing servers and PCs in companies to be more effectively managed and monitored. This has been complemented by Softgrid Support, facilitating the administration of configuration, applications and user profiles from a central server onto individual PCs, significantly reducing the time and expense connected to the internal administration of the company's IT infrastructure.

SolveDirect has adapted the product *SD.cube ML* (ML stands for Multi-Level) to the new demands of the marketplace. *SD.cube ML* enables a standardised and automated service process among several users (service customers and service providers), creating a transparent service process. *SD.cockpit* constitutes an important component of *SD.cube ML*, providing for more efficient company management. It provides an overview of the most important IT service management indicators, improving the quality of IT services and optimising decision-making processes through "real-time monitoring."

## Human resources

The total number of people working for the BRAIN FORCE Group as at March 31, 2008 amounted to 837 salaried employees. This represents a rise of 2% compared to the previous year's level of 823, which is due to the higher staff count resulting from the acquisition of SolveDirect, partly offset by the reduction in the number of employees related to the restructuring in Germany. In addition, BRAIN FORCE employs 278 people on a freelance basis, 42 less than at the end of March 2007. This strong decline in people working on a freelance basis is the direct result of the restructuring measures. On balance, the BRAIN FORCE Group employed a total of 1,115 people, a drop of 2% year-on-year.

The breakdown of staff by region is as follows:

- ▶ Germany: 421 (previous year: 465 / change: -9%).
- ▶ Central and Eastern Europe: 176 (159 / +11%)
- ▶ South West Europe : 413 (431 / -4%)
- ▶ North Europe: 96 (77 / +25%)
- ▶ Holding and Other: 9 (11 / -18%)

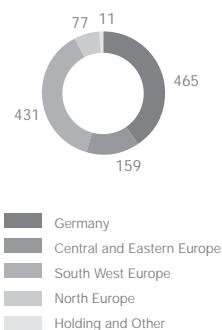
On average, the staff of BRAIN FORCE was comprised of 835 salaried employees in the first quarter of 2008 (previous year: 827) and 272 people on a freelance basis (previous year: 313). On balance, the total average number of employees declined by 3% to 1,107.

## Employees by region

31.3.2008



31.3.2007



# Quarterly report (IFRS) of the BRAIN FORCE Group

Consolidated income statement in EUR	1-3/2008	1-3/2007
Revenues	25,334,305	23,560,845
Cost of goods sold	-18,861,789	-18,432,793
<b>Gross profit</b>	<b>6,472,516</b>	<b>5,128,052</b>
Selling expenses	-2,821,206	-2,607,703
Administrative expenses	-2,845,495	-3,055,691
Other operating expenses	-286,935	-303,113
Other operating income	90,215	146,827
<b>Operating result (EBIT)</b>	<b>609,095</b>	<b>-691,628</b>
Financial income	147,713	167,920
Financial expense	-319,476	-216,372
<b>Financial result</b>	<b>-171,763</b>	<b>-48,452</b>
Income from investments in associates	0	1,311
<b>Profit before tax</b>	<b>437,332</b>	<b>-738,769</b>
Income taxes	-278,203	-436,175
<b>Profit after tax</b>	<b>159,129</b>	<b>-1,174,944</b>
Earnings per share	0.01	-0.08

Key figures by geographical segment 1-3/2008 in EUR	Germany	Central and Eastern Europe	South West Europe	North Europe	Holding and Other	BRAIN FORCE Group
Revenues (consolidated)	11,765,258	3,662,875	6,990,313	2,915,859	0	<b>25,334,305</b>
EBITDA	705,872	129,937	550,593	422,742	-184,589	<b>1,624,555</b>
Depreciation	-407,361	-268,175	-154,653	-165,234	-20,037	<b>-1,015,460</b>
EBIT	298,511	-138,238	395,939	257,508	-204,625	<b>609,095</b>
Total investments	193,644	40,097	272,446	139,537	19,198	<b>664,922</b>
Assets	21,143,699	18,845,381	19,043,731	9,099,596	6,083,807	<b>74,216,214</b>
Liabilities	7,836,810	4,123,746	13,510,880	1,782,268	20,529,876	<b>47,783,580</b>

Key figures by geographical segment 1-3/2007 in EUR	Germany	Central and Eastern Europe	South West Europe	North Europe	Holding and Other	BRAIN FORCE Group
Revenues (consolidated)	11,073,429	2,981,912	7,249,728	2,255,776	0	<b>23,560,845</b>
EBITDA	-19,889	93,382	641,294	381,334	-700,887	<b>395,234</b>
Depreciation	-640,382	-42,323	-177,016	-209,459	-17,682	<b>-1,086,862</b>
EBIT	-660,271	51,059	464,278	171,875	-718,569	<b>-691,628</b>
Total investments	427,836	11,644	129,397	261,498	5,869	<b>836,244</b>
Assets	32,670,843	3,883,162	19,580,621	15,592,307	19,534,945	<b>91,261,878</b>
Liabilities	8,281,148	2,343,456	13,032,199	1,776,297	19,348,619	<b>44,781,719</b>

Consolidated balance sheet in EUR		31.3.2008	31.12.2007
<b>ASSETS</b>			
Property, plant and equipment		2,353,572	2,328,060
Goodwill		15,861,876	15,861,876
Other intangible assets		12,685,240	13,065,054
Investments in associates		11,466	11,466
Financial assets		181,842	179,781
Other receivables and assets		709,117	750,911
Deferred tax assets		2,503,542	2,628,433
<b>Non-current assets</b>		<b>34,306,655</b>	<b>34,825,581</b>
Inventories		161,202	268,534
Trade receivables		29,287,388	28,168,703
Other receivables and assets		1,953,955	1,638,649
Financial assets		871,860	0
Cash and cash equivalents		7,635,154	9,440,943
<b>Current assets</b>		<b>39,909,559</b>	<b>39,516,829</b>
<b>Total assets</b>		<b>74,216,214</b>	<b>74,342,410</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		15,386,742	15,386,742
Reserves		15,268,586	15,260,503
Retained earnings		-4,222,694	-4,381,823
<b>Equity</b>		<b>26,432,634</b>	<b>26,265,422</b>
Financial liabilities		11,310,700	11,308,022
Other liabilities		71,132	73,605
Provisions for post-employment benefits		2,617,714	2,559,369
Other provisions		1,625,649	1,603,503
Deferred tax liabilities		2,388,767	2,561,714
<b>Non-current liabilities</b>		<b>18,013,962</b>	<b>18,106,213</b>
Financial liabilities		4,534,295	4,664,467
Trade payables		9,215,407	9,780,848
Other liabilities		12,419,261	12,206,583
Tax provisions		1,057,344	762,239
Other provisions		2,543,311	2,556,638
<b>Current liabilities</b>		<b>29,769,618</b>	<b>29,970,775</b>
<b>Total equity and liabilities</b>		<b>74,216,214</b>	<b>74,342,410</b>

Consolidated Statement of Changes in Equity in EUR	Share capital	Capital reserves	Other provisions	Retained earnings	Total
<b>Balance on 1.1.2008</b>	<b>15,386,742</b>	<b>15,536,020</b>	<b>-275,517</b>	<b>-4,381,823</b>	<b>26,265,422</b>
Fair value adjustments of securities	0	0	2,061	0	2,061
Currency translation differences	0	0	6,022	0	6,022
Net income recognised directly in equity	0	0	8,083	0	8,083
Result for the period	0	0	0	159,129	159,129
<b>Total result for the period</b>	<b>0</b>	<b>0</b>	<b>8,083</b>	<b>159,129</b>	<b>167,212</b>
<b>Balance on 31.3.2008</b>	<b>15,386,742</b>	<b>15,536,020</b>	<b>-267,434</b>	<b>-4,222,694</b>	<b>26,432,634</b>

Cash flow Statement in EUR	1-3/2008	1-3/2007
Profit before tax	437,332	-738,769
Depreciation	1,015,461	1,086,862
Financial result	171,763	48,452
Income from investments in associates	0	-1,311
Gains/losses from the disposal of property, plant and equipment and intangible assets	4,799	-7,859
Changes in non-current provisions	54,307	-363,888
Net interest payments	-131,409	-46,716
Taxes on income paid	-19,153	-46,149
<b>Gross cash flow</b>	<b>1,533,100</b>	<b>-69,378</b>
Changes in inventories	107,332	18,662
Changes in trade receivables	-1,118,685	-295,332
Changes in trade payables	-565,441	141,287
Changes in other assets and liabilities	-112,303	898,201
Currency translation differences	-4,518	-7,990
<b>Cash flow from operating activities</b>	<b>-160,515</b>	<b>685,450</b>
Acquisition of subsidiaries	0	-55,458
Investments in property, plant and equipment and other intangible assets	-664,922	-836,244
Investments in financial assets	-862,556	-3,800,951
Proceeds from the disposal of property, plant and equipment and other intangible assets	9,698	39,067
<b>Cash flow from investing activities</b>	<b>-1,517,780</b>	<b>-4,653,586</b>
Increase in financial liabilities	2,103,339	10,768,830
Repayments of financial liabilities	-2,230,833	-277,450
Dividends paid	0	0
Capital increase	0	0
Purchase of treasury stock	0	-434,799
<b>Cash flow from financing activities</b>	<b>-127,494</b>	<b>10,056,581</b>
<b>Change in cash and cash equivalents</b>	<b>-1,805,789</b>	<b>6,088,445</b>
Cash and cash equivalents at the beginning of the period	9,440,943	13,203,924
Change in cash and cash equivalents	-1,805,789	6,088,445
<b>Cash and cash equivalents at the end of the period</b>	<b>7,635,154</b>	<b>19,292,369</b>

# Notes to the quarterly report

## Accounting and measurement principles

This quarterly report of BRAIN FORCE Holding AG as at March 31, 2008 was prepared in accordance with the principles contained in the International Financial Reporting Standards (IFRS), as stipulated in IAS 34, "Interim Financial Reporting".

The accounting and measurement principles applied in preparing the consolidated financial statements as at December 31, 2007 remain unchanged. The structuring of the consolidated balance sheet, consolidated income statement and consolidated statement of changes in equity correspond to that in the consolidated financial statements for the 2007 financial year, as presented in the annual report. The presentation of the cash flow statement was changed. Compared to previous periods, there will be a bridge between the gross cash flow and the cash flow from operating activities. Furthermore, trade receivables and trade payables will be reported separately. Changes in other receivables, other liabilities and other current provisions are included in the item "Changes in other assets and liabilities". The previous year's values have been correspondingly adapted. For more information on accounting and measurement principles, we refer to the annual report and the consolidated financial statements as at December 31, 2007.

## Consolidation range

All subsidiaries, including those companies in which BRAIN FORCE Holding directly or indirectly holds more than half of the voting rights, or over which BRAIN FORCE exerts a controlling influence, are included in the consolidated financial statements.

The consolidation range remains unchanged since the last balance sheet date on December 31, 2007.

In the comparable period January 1, 2007 - March 31, 2007, SolveDirect.com Internet-Service GmbH was not included in consolidation. The company was acquired with a contract date of July 6, 2007, and merged with BRAIN FORCE Software GmbH, Vienna, in the course of 2007. BRAIN FORCE Software Ltd., Cambridge, Great Britain, removed from consolidation as at December 31, 2007, is no longer included in the consolidated financial statements.

The changes in the consolidation range increased revenues by TEUR 1,131 in the period January 1, 2008 to March 31, 2008, and EBITDA by TEUR 69.

## Notes on the income statement

Total Group revenues rose 8% compared to the first quarter of 2007, to TEUR 25,334, of which TEUR 1,131 in revenues can be attributed to the acquisition of SolveDirect. EBITDA (operating result before depreciation) rose by TEUR 1,230 to TEUR 1,625. The operating result (EBIT) amounted to TEUR 609, an increase of TEUR 1,301 from the comparable period of the preceding year.

## Notes on the cash flow statement

The gross cash flow of TEUR 1,533 represents an improvement of TEUR 1,602 compared to the first quarter of 2007. The cash flow from investing activities of TEUR -1,518 is comprised of TEUR 665 in investments in property, plant and equipment and other intangible assets, and TEUR 863 for investments in available-for-sale securities.

## Segment reporting

Due to the reorganisation of sales and the product portfolio, changes have been made as of the 2008 business year in the different business areas to which the individual customer groups and related services are assigned. The previous year's figures in the reporting by business areas have been correspondingly changed.

Key figures by business area 1-3/2008 in EUR	Professional Services	Business Solutions	Technology and Infrastructure	Holding and Other	BRAIN FORCE Group
Revenues (consolidated)	7,132,999	9,675,443	8,525,863	0	<b>25,334,305</b>
Assets	14,065,895	27,621,337	26,445,175	6,083,807	<b>74,216,214</b>
Liabilities	22,803	297,057	312,346	32,716	<b>664,922</b>

Key figures by business area 1-3/2007 in EUR	Professional Services	Business Solutions	Technology and Infrastructure	Holding and Other	BRAIN FORCE Group
Revenues (consolidated)	7,799,444	7,861,989	7,899,412	0	<b>23,560,845</b>
Assets	16,639,475	23,713,429	31,374,028	19,534,946	<b>91,261,878</b>
Liabilities	19,963	283,568	526,844	5,869	<b>836,244</b>

#### Notes on the balance sheet

Non-current assets make up 46% of total assets, amounting to TEUR 34,307 on the reporting date of March 31, 2008. Investments in property, plant and equipment and other intangible assets totalled TEUR 665 in the first quarter of 2008, of which TEUR 390 comprise product development costs. Current assets comprise 54% of total assets. Trade receivables amounted to TEUR 29,287 in the first quarter of 2008, up 4% since December 31, 2007. The increase is related to the higher share of receivables from ongoing projects which have not yet been invoiced. Working capital amounted to TEUR 6,167 as at March 31, 2008, an increase of TEUR 1,397 from December 31, 2007, which is primarily related to the higher level of receivables. Compared to the consolidated financial statements as at December 31, 2007, cash and cash equivalents and current financial liabilities are no longer included in the calculation of working capital in 2008.

On the reporting date of March 31, 2008, cash and cash equivalents totalled TEUR 7,635. Taking account of financial assets, current liquid assets at the end of the period under review were TEUR 8,507. Net debt rose by TEUR 806, to TEUR 7,338. IFRS-based Group equity totalled TEUR 26,433, or an equity ratio of 36%. As at March 31, 2008, the number of outstanding shares was 15,386,742. Authorised capital on the reporting date amounted to EUR 7,693,371.

#### Statement by the Managing Board

The Managing Board of BRAIN FORCE Holding AG certifies, to the best of its knowledge, that the consolidated interim financial statements as at March 31, 2008, which have not been audited or subject to an auditor's review, have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and present a fair and accurate view of the profit, asset and financial position of the BRAIN FORCE Group.

Vienna, May 27, 2008

The Managing Board

  
Günter Pridt  
Chief Executive Officer

  
Thomas Melzer  
Chief Financial Officer

# Financial Calendar 2008

Date	Event
May 27, 2008	Q1 results
May 28, 2008	10 <sup>th</sup> Annual General Meeting
August 29, 2008	Q1 results
November 28, 2008	Q3 results

## Information on the company and the BRAIN FORCE share

Investor Relations: Thomas Melzer  
Phone: +43 1 263 09 09 - 12  
E-Mail: investorrelations@brainforce.com  
Internet: www.brainforce.com  
Vienna Stock Exchange: BFC  
ISIN: AT0000820659

BRAIN FORCE HOLDING AG  
IZD Tower  
Wagramer Strasse 19  
1220 Vienna  
Austria

Phone: +43 1 263 09 09 0  
Fax: +43 1 263 09 09 40

[info@brainforce.com](mailto:info@brainforce.com)  
[www.brainforce.com](http://www.brainforce.com)