

BRAIN FORCE

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we keep **it** ... moving – for more than 25 years

ANNUAL FINANCIAL REPORT 2007

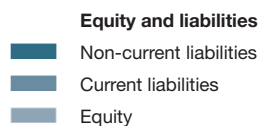
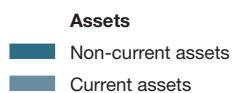
BRAIN FORCE HOLDING AG – at a glance

Key figures for the BRAIN FORCE Group according to IFRS		2007	2006
Balance sheet figures			
Balance sheet total	in million EUR	74.34	81.58
Non-current assets	in million EUR	34.83	39.72
Current assets	in million EUR	39.51	41.86
Equity ¹⁾	in million EUR	26.27	48.09
Non-current liabilities	in million EUR	18.10	9.50
Current liabilities	in million EUR	29.97	23.99
Equity ratio			
Equity ratio	in %	35.3	58.9
Working capital ¹⁾	in million EUR	9.55	17.87
Net liabilities	in million EUR	6.53	-
Gearing	in %	24.9	
Earnings			
Net sales	in million EUR	98.33	88.53
EBITDA	in million EUR	0.35	6.51
EBIT	in million EUR	-16.68	2.92
Profit before taxes	in million EUR	-17.91	3.23
Profit for the period	in million EUR	-19.91	4.17
Earning/loss per share²⁾			
Earning/loss per share ²⁾	in EUR	-1.29	0.30
Employees		1146	1172
hereof freelancers		283	329

1) including cash and cash equivalents and current financial liabilities

2) not including shares held in treasury

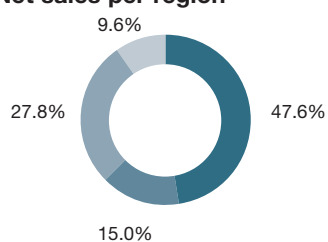
Balance sheet structure



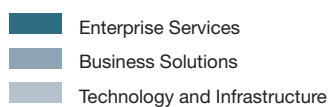
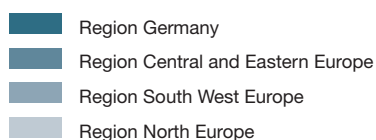
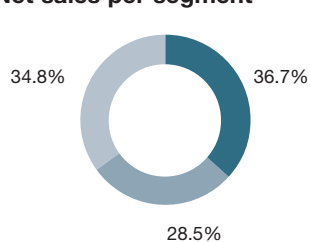
Ratios by geographical segment 2007	Region Germany	Region Central and Eastern Europe	Region South West Europe	Region North Europe	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	46,778,152.29	14,780,004.06	27,332,922.16	9,442,178.05	0.00	98,333,256.56
Segment operating result before segment depreciation and amortisation (EBITDA)	263,591.33	911,078.30	2,172,682.98	1,052,643.35	-4,053,967.02	346,028.94
Segment depreciation and amortisation	-11,771,781.73	-1,089,879.64	-1,308,218.95	-2,789,683.50	-69,527.70	-17,029,091.52
Segment operating result	-11,508,190.40	-178,801.34	864,464.03	-1,737,040.15	-4,123,494.72	-16,683,062.58
Financial result						-713,405.91
Share in profit of associates					-513,346.40	-513,346.40
Result before income taxes						-17,909,814.89
Income taxes						-2,004,895.22
Result for the period						-19,914,710.11
Segment assets	20,859,777.35	19,494,599.26	19,278,768.17	9,346,013.02	5,363,251.83	74,342,409.63
Segment liabilities	8,258,702.09	4,892,526.14	14,099,245.94	2,270,252.66	18,556,260.78	48,076,987.61
Segment capital expenditure	1,432,161.96	14,543,936.14	602,777.74	678,594.07	43,062.18	17,300,532.09

Ratios by business segment 2007	Enterprise Services	Business Solutions	Technology and Infrastructure	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	36,077,536.74	28,079,002.10	34,176,717.72	0.00	98,333,256.56
Segment assets	13,536,814.24	17,258,680.59	38,183,662.97	5,363,251.83	74,342,409.63
Segment capital expenditure	348,938.69	1,008,524.92	15,900,007.10	43,061.38	17,300,532.09

Net sales per region



Net sales per segment



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Group Management Report

Economic Climate

Due to the continued disturbances on the financial markets the International Monetary Fund (IMF) has significantly lowered its 2008 growth forecast for the Euro zone. It lowered its forecasts to 1.6 percent and thus its expectations of autumn 2007 by 0.5 percent. The economic forecast was also lowered for Germany, which is the most important and strongest-selling market for BRAIN FORCE, from 1.9 percent to 1.5 percent.

Growth forecast
lowered for Germany

















This step is also in line with the forecast of the EU Commission, which also lowered its expectations from 2.2 percent to now 1.8 percent. The Commission anticipates a marked slowdown for Germany in particular. The economic forecast of the EU at 1.6 percent is slightly higher than that of the IMF, however, in its autumn forecast it expected an increase of 2.1 percent.

The driving forces for growth continue to be providers of information technology and telecommunications (ITC). They have high expectations for the year 2008. According to the BITKOM economic poll from December 2007 78 percent of the companies anticipate rising sales, 16 percent expect net sales to remain flat, and only 6 percent anticipate a decline in sales. Software providers and IT service providers have the best prospects. 85 percent of the software companies polled expect rising sales in 2008, slightly more than three quarters also anticipate higher revenues than in the prior year.

Net sales and earnings

In the financial year 2007, the BRAIN FORCE Group generated net sales of EUR 98.3 million, thus exceeding the prior year figure of EUR 88.5 million by 11.0 percent.

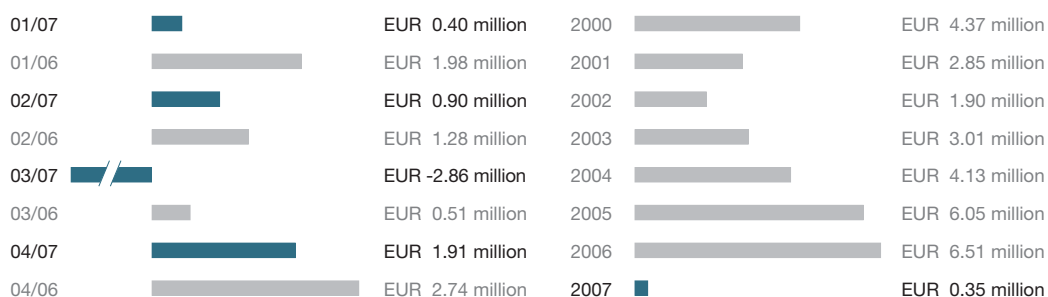
Net sales by quarter and year

01/07		EUR 23.56 million	2000		EUR 61.36 million
01/06		EUR 22.14 million	2001		EUR 65.78 million
02/07		EUR 24.19 million	2002		EUR 58.97 million
02/06		EUR 20.77 million	2003		EUR 60.10 million
03/07		EUR 23.69 million	2004		EUR 64.42 million
03/06		EUR 20.28 million	2005		EUR 76.62 million
04/07		EUR 26.89 million	2006		EUR 88.53 million
04/06		EUR 25.34 million	2007		EUR 98.33 million

Positive development in
the fourth quarter

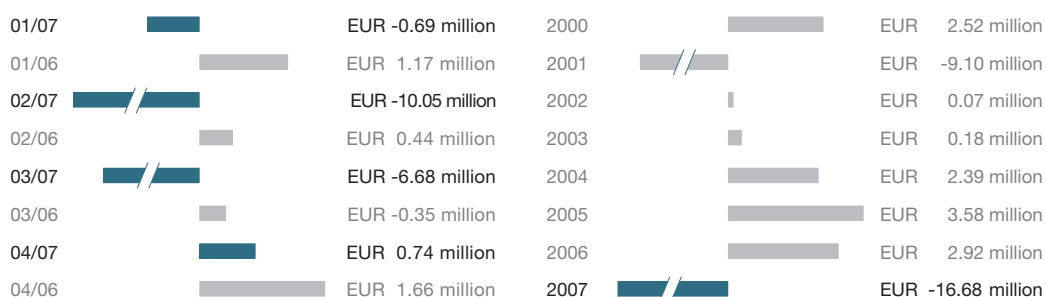
The 2007 performance ratios were affected by restructuring expenses, impairment of goodwill, and unscheduled depreciation/amortisation in the second and third quarter of the reporting year. EBITDA (operating result before depreciation and amortisation) amounted to EUR 0.35 million or EUR 2.46 million, respectively, before restructuring expenses and thus were significantly below the prior year figure of EUR 6.51 million. EBITDA showed a positive development in the last quarter of the financial year, in which an EBITDA of EUR 1.91 million could be generated.

EBITDA by quarter and year



EBIT (earnings before interest and taxes) is stated at EUR -16.68 million. Net of restructuring expenses, impairment of goodwill and unscheduled depreciation/amortisation, the figure amounted to EUR -2.53 million, which is also below the prior year figure of EUR 2.92 million. Impairment of goodwill amounts to EUR 8.65 million, unscheduled depreciation/amortisation due to diminution in value is EUR 3.09 million. The development in the fourth quarter was clearly positive, with EBIT at EUR 0.74 million again in the black.

EBIT by quarter and year

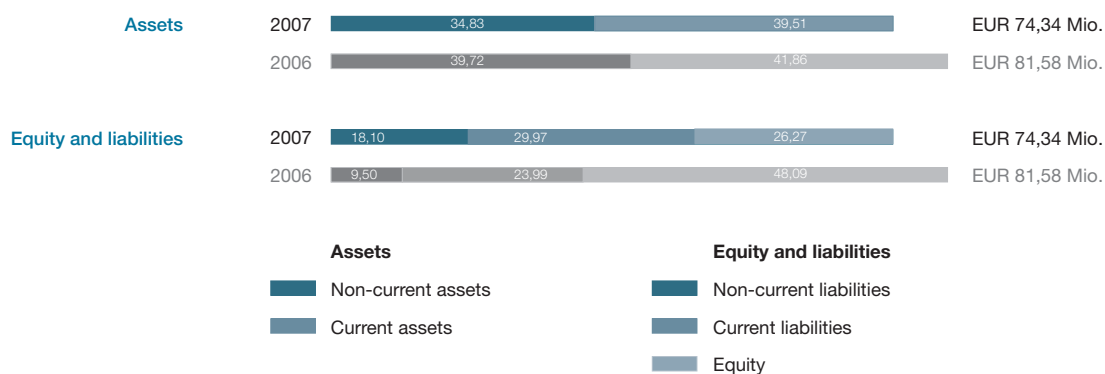


Earnings per share amount to EUR -1.29, whereas they were still positive at EUR 0.30 in 2006.

Net worth and financial position

The balance sheet total declined by 8.9 percent year-on-year to EUR 74.34 million (prior year: EUR 81.58 million). The decline is mainly due to the impairment of goodwill and the diminution in value of other assets. This is contrasted with the addition of assets from the acquisition of SolveDirect.com Internet-Service GmbH, Vienna (meanwhile merged into BRAIN FORCE SOFTWARE GmbH, Vienna).

Balance sheet structure



Non-current assets amount to 46.8 percent (prior year: EUR 48.7 percent) of total assets. As is customary in the industry, the share of property, plant and equipment is low at EUR 2.33 million (prior year: EUR 1.61 million). Capital expenditure on property, plant and equipment in the amount of EUR 1.59 million is contrasted with scheduled depreciation amounting to EUR 0.82 million.

Increased goodwill due to SolveDirect

Goodwill declined by EUR 5.44 million to EUR 15.86 million (prior year: EUR 21.30 million). This decline is composed of an adjustment of the acquisition costs of BRAIN FORCE B.V., Netherlands (formerly VAI B.V.) in the amount of EUR 2.37 million that did not affect income, and the impairment of goodwill in the amount of EUR 8.65 million. Goodwill rose by EUR 5.58 million due to the acquisition of SolveDirect.com Internet-Service GmbH.

The acquisition costs of BRAIN FORCE B.V. were adjusted due to a revised planning of future revenue from the acquisition and the related reduction in the performance-related purchase price.

Other intangible assets amount to EUR 13.07 million at December 31, 2007 (prior year: EUR 10.49 million). The development costs included amount to EUR 3.31 million (prior year: EUR 6.40 million) and thus account for 4.5 percent of total assets (prior year: 7.8 percent).

Financial assets accounted for under the equity method decreased by EUR 0.53 million. This item mainly includes the 30 percent share in KEMP Technologies Inc., the carrying amount of which was tested for impairment in the reporting year. Based on available information and the assessment of the future development, an impairment need in the amount of EUR 0.50 million was determined and recognised in the financial year 2007.

Other non-current receivables amount to EUR 0.75 million (prior year: EUR 0.83 million) and mainly include an underwritten convertible bond in the amount of EUR 0.61 million.

Noticeable corporate
income tax reform

At December 31, 2007 deferred tax assets amount to EUR 2.63 million (prior year: EUR 4.77 million). This decline is due to adjustments in the utilisation of tax loss carryforwards expected in the future within BRAIN FORCE SOFTWARE GmbH, Munich. These adjustments, on the one hand, result from the change in the medium-term planning of the Company and, on the other hand, from the corporate income tax reform passed by the German Bundesrat (upper house of the German parliament).

Current assets account for 53.2 percent of total assets and declined by EUR 2.34 million to EUR 39.52 million.

Trade receivables increased EUR 2.32 million year-on-year to EUR 28.17 million (prior year: EUR 25.85 million).

Other current receivables and assets in the amount of EUR 1.64 million (prior year: EUR 2.13 million) mainly include the accrual of other maintenance contracts amounting to EUR 0.89 million (prior year: EUR 0.77 million).

At the closing date, cash and cash equivalents amount to EUR 9.44 million (prior year: EUR 13.53 million).

Group equity amounts to EUR 26.27 million (prior year: EUR 48.09 million). The equity ratio is 35.3 percent (prior year: 59.0 percent).

Non-current liabilities increased EUR 8.61 million to EUR 18.11 million. This increase results primarily from taking out a long-term loan in the amount of EUR 10 million.

Lower provisions for
employee benefit
obligations

The provisions for employee benefit obligations show a decline of EUR 1.32 million to EUR 2.56 million (prior year: EUR 3.88 million). The decline is mainly due to a statutory amendment of the Italian termination benefit system. As of the financial year 2007, the obligation to set up

provisions is waived for entitlements of employees to termination benefits earned, since the contributions are paid to a statutory social security or a provision fund.

Other non-current provisions include the performance-related purchase price obligation from the acquisition of BRAIN FORCE B.V. and SolveDirect.com Internet-Service GmbH.

Performance-related
purchase price
obligation

Current liabilities increased 25.0 percent to EUR 29.97 million (prior year: EUR 23.99 million). The increase mainly results from the rise in financial liabilities to EUR 4.66 million (prior year: EUR 2.00 million) and in other liabilities to EUR 12.21 million (prior year: EUR 10.53 million). Other current provisions rose by EUR 1.32 million to EUR 2.56 million, EUR 2.33 million of which relates to the current performance-related purchase price obligations from the acquisition of BRAIN FORCE B.V. and SolveDirect.com Internet-Service GmbH.

At the closing date December 31, 2007, working capital amounts to EUR 9.55 million (prior year: EUR 17.87 million), net liabilities to EUR 6.53 million (prior year: EUR 0).

Cash Flow and investments

In the financial year 2007 a cash outflow results from operating activities in the amount of EUR 2.02 million (prior year: inflow of EUR 7.22 million). The decline over the prior year, on the one hand, is due to lower results and, on the other hand, to the increase in the cash outflow for long-term employee benefit obligations and other provisions to EUR 1.20 million. EUR 2.40 million (prior year: EUR 1.82 million) was paid in income taxes in the financial year 2007.

EUR 6.93 million for
the acquisition of
subsidiaries

The cash outflow from investing activities amounts to EUR 9.55 million (prior year: EUR 13.87 million), EUR 6.93 million of which relates to the acquisition of subsidiaries (prior year: EUR 11.16 million). The utilisation of funds mainly relates to the purchase price paid in cash for the acquisition of all shares in SolveDirect.com Internet-Service GmbH and performance-related purchase price payments for companies acquired in previous years. Furthermore, payments were made in connection with the squeeze-out of existing shareholders of Brain Force Financial Solutions AG and the subsequent shareholder action in the amount of EUR 0.47 million.

Capital expenditure on property, plant and equipment and other intangible assets amounts to EUR 2.82 million (prior year: EUR 2.81 million).

In the financial year 2007, EUR 9.80 million (prior year: EUR 9.97 million) was used for the acquisition of current financial assets.

Cash inflows amounting to EUR 9.95 million (prior year: EUR 10.03 million) result from the sale of current financial assets.

The cash flow from financing activities amounts to EUR 7.81 million (prior year: EUR 8.75 million). EUR 3.03 million (prior year: EUR 0.10 million) was used for the acquisition of own shares. Furthermore, a dividend amounting to EUR 1.51 million (prior year: EUR 0.82 million) was paid to the shareholders of BRAIN FORCE HOLDING AG. A cash inflow of EUR 12.35 million results from taking out financial liabilities.

Cash and cash equivalents reported at the closing date December 31, 2007 amount to EUR 9.44 million (prior year: EUR 13.53 million, EUR 0.33 million of which is restricted cash).

Orders

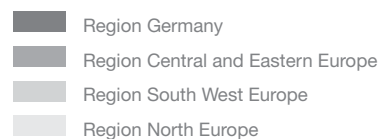
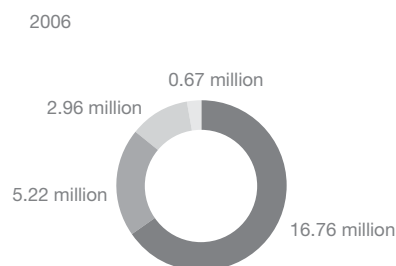
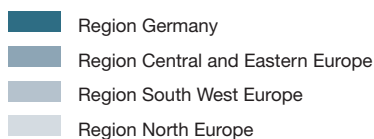
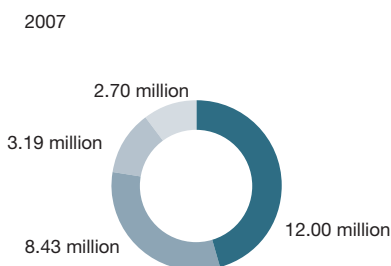
Increase in orders

At the closing date December 31, 2007, the BRAIN FORCE Group had orders worth EUR 26.32 million (prior year: EUR 25.60 million), an increase of approx. 3 percent.

The orders are attributable to the individual business segments as follows:

- ▶ The Enterprise Services segment accounts for EUR 11.90 million (prior year: EUR 16.09 million)
- ▶ The Business Solutions segment accounts for EUR 6.68 million (prior year: EUR 6.15 million)
- ▶ The Technology and Infrastructure segment accounts for EUR 7.74 million (prior year: EUR 3.36 million)

Orders by region in EUR



Enhancement of the
software offered

Research and product development

The reasonable bundling of software and services is a characteristic of BRAIN FORCE. A continued enhancement of the software offered is therefore indispensable for the success of the Company. Only with state-of-the-art solutions in connection with the know-how as experienced managed services provider can the high expectations of the customers be met, who are demanding more full-service offers. That is why BRAIN FORCE is continuously enhancing its products in order to occupy the markets of tomorrow already today.

The research and product development activities of the BRAIN FORCE Group are bundled in the **Business Solutions (BS)** and **Technology and Infrastructure (TI)** segments.

The BS segment further expanded its core competencies by solutions for the financial services industry and occupied important trend markets in the past financial year. So, for instance, a new module was developed with *BRAIN FORCE Abgeltungssteuer*, which fully complies with the legal requirements for the introduction of a new withholding tax on capital yields as of January 1, 2009. Financial advisors can automatically compose a tailored product package of securities and funds for their customers and optimise their capital yields. In addition, with *BRAIN FORCE Gewerbeabsicherung* a module was developed for insurance consultancy, which specifically addresses the clientele of business enterprises. They are subject to certain risks and therefore need special insurances, such as content, public liability, industrial accident, commercial property, automobile and legal protection insurance.

New products expand
the range

In the TI segment, with BRAIN FORCE ICT Bill the Group launched a modern, effective software solution for the billing of ITC services according to origin in companies on the market. Thus, ITC costs can be allocated on a lump-sum basis within the respective specialist department and a sustained contribution can be earned to its productivity enhancement or competitiveness, respectively. This way, BRAIN FORCE supports customers in developing their IT departments from pure cost centres into successful profit centres.

The *BRAIN FORCE Net Organizer* was also enhanced and complemented by the “Billing Ticket” tool. With this tool, interfaces to already existing billing systems, i.e. billing systems of ITC components, can easily be created for the customer. In this way, costs for the configuration, removal and the utilisation of components are calculated automatically and allocated to the right cost centre in the company. Thus, multiple entries and errors due to manual entries are avoided and the billing of costs is automated, which results in a significantly higher efficiency and a reduction in IT costs for the customer.

Furthermore, BRAIN FORCE completed Version 2.0 of the *Packaging Robot*. The new version contains a separate repackaging engine and supports Microsoft Softgrid for the virtualisation of applications, one of the major markets of the future in the entire IT management environment. Moreover, the new product *BRAIN FORCE Desktop Manager* was extended and complemented with the Rapid Deployment Program. The central management of user profiles in the company is even faster and more efficient as a result, which is crucial particularly with regard to the introduction of the new operating system Microsoft Vista.

Multi Level Service Management

The BRAIN FORCE division SolveDirect Solutions advanced the expansion of its service management platform into the direction of Multi Level Service Management. In this way, the ever more complex requirements of large, international service organisations are met with best-practice solutions, which demand closer networking between partners and organisations in the service processes up to the integration with ERP and supply chain solutions. Moreover, these integrated processes remain customer-specific and at the same time transparent and measurable. The resulting simplifications lead to enormous cost advantages and quality enhancements in the internal and external processes.

Risk management

The BRAIN FORCE Group is exposed to various risks in the course of its international activities. The relevant risks are described below, as is the response of the BRAIN FORCE Group where appropriate.

Low currency risk

The liquidity risk is monitored by ongoing detailed financial planning at management board level. As the Group is mainly based in the Euro zone, currency risk is of minor importance. Interest risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The financial liabilities in the BRAIN FORCE Group carry fixed and variable interest rates. The liquid funds are invested short-term.

Major non-financial risks are:

- ▶ Market and competitive risk: the BRAIN FORCE Group operates on a market characterised by intense competition. In addition, the software and IT services market is subject to economic fluctuations. These factors are accounted for, on the one hand, by focusing on core markets and core competencies and by systematically opening up new technologies and markets.
- ▶ The range of products offered by the BRAIN FORCE Group is varied and is subject to continuous and rapid technological change. It is also characterised by continuing changes

in customer short-cycle demands. The Group guards against this risk by continuing to develop and adapt its products to market requirements.

- ▶ Despite its diverse customer base, operating companies of the BRAIN FORCE Group in some countries are heavily dependent on individual major customers. In order to be able to minimise the impact on the result for BRAIN FORCE in case of default by customers, the focus is on a further diversification of the customer base to reduce the dependencies.
- ▶ Unpredictability of future business development: the growth of the BRAIN FORCE Group is dependent on factors such as customer potential and success in new markets. To exclude or minimise the risk of not meeting targets based on these factors, the Group carries out regular market monitoring and analyses.
- ▶ Risks relating to software security and system disruptions: the BRAIN FORCE Group either works together with its customers on installing and integrating individual software or sells standard software solutions, which it has usually developed in-house. In order to exclude or detect errors that could result in liability at an early stage, the respective products are developed and implemented, guaranteeing the quality, on basis of defined processes and procedure models. After completion an acceptance test is carried out by the customer, either confirming that the programmes are working properly or identifying errors and necessary corrections. Programme errors are rectified within the warranty period. Regular project controlling ensures that liability risks from projects are kept to a minimum. Risk and change management is undertaken in line with the size and risk potential of the projects. A legal review of the contracts is mandatory.
- ▶ Insurance is taken out for specific liability risks and damages.
- ▶ In the financial year 2007, the Chairman of the Management Board, Mr. Helmut Fleischmann, was recalled early. Subsequently, legal actions were brought by both parties, which are still pending.

Defined processes
ensure quality

For the purpose of risk prevention and control, the local companies assume only those risks associated with their operating activities and always analyse them in relation to the possible profit. In particular, speculations outside the operating activities are impermissible. Risks outside the operating activity, such as financial risks, are monitored by the parent company and adequately hedged.

Instruments for risk
monitoring

The main instruments used to monitor and control risks are the planning and controlling process, group guidelines, and regular reporting. Reporting plays a crucial role in monitoring and controlling economic risks associated with current business operations. The group auditor reviews the efficiency of the risk management in the Group annually and reports its findings to the Supervisory Board and Management Board.

Disclosures in accordance with Section 243a UGB

1. The share capital is made up of 15,386,742 no-par value bearer shares and was fully paid in.
2. Pursuant to Section 4 of BRAIN FORCE AG's articles of association anyone who reaches, exceeds or falls below 5, 10, 25, 50 or 75 percent of the voting rights through acquisition, sale or otherwise shall immediately notify the Company in writing of reaching, exceeding or falling below the above mentioned limits, as well as of the proportion of voting rights held, stating his address. Until this notification, as well as for the subsequent three months, the voting rights exceeding the respective limit are not taken into account. Beyond that the Board of Management is not aware of any limitations concerning voting rights or the transfer of shares.
3. As of December 31, 2007, the Company has been notified of the following direct or indirect investments of at least 10 percent:
Helmut Fleischmann Privatstiftung: 15.67 percent.
4. There are no shares with special control rights.
5. The BRAIN FORCE Group does not have any stock option plans for employees.
6. There are no additional provisions in place regarding the members of the Board of Management and Supervisory Board beyond those laid down in the law.
7. Options to issue or repurchase shares:
 - a) Authorised capital: In accordance with the resolutions passed by the general meeting on May 11, 2006 the Board of Management was authorised to raise the share capital within five years as of the registration of the corresponding amendment to the articles of association in the commercial register in one or several tranches by up to EUR 7,693,371 by issuing up to 7,693,371 new ordinary bearer shares (no-par value shares) against cash contributions and/or contributions in kind, with or without the exclusion of existing shareholders' subscription rights in case of cash contributions and/or contributions in kind and/or issue of shares to employees of the Company and of affiliated companies, and to specify the issue amount and terms of the issue in agreement with the Supervisory Board. In addition, the Supervisory Board is authorised to pass amendments to the articles of association, which result from the issue of shares from the authorised capital.
 - b) Acquisitions of own shares: In accordance with the resolution passed by the ordinary general meeting of the Company on May 9, 2007, revoking the authorization granted to the Board of Management at the ordinary general meeting on May 11, 2006, pursuant to Sections 65 (1) No. 4 and 8 AktG (Austrian Stock Corporation Act) a new authorization was granted to the Board of Management to acquire own shares up to a maximum of 10 percent of the share capital for a period of 18 months as of the date this resolution was passed; the consideration to be paid shall be no less than EUR 1 and no more than EUR 15. The authorisation can be executed in full or in seve-

ral parts and in pursuit of one or several purposes by the Company, its group companies or a third party acting on its behalf. Furthermore, the Management Board was authorised, subject to the approval by the Supervisory Board, to decide on a different kind of disposal for the sale of own shares other than via the Stock Exchange or through a public offering, excluding the existing shareholders' subscription rights, whereby the subscription right of shareholders can only be excluded, if these shares are issued as compensation in the acquisition of a company, business, business unit or shares in one or several companies at home and abroad to service stock options granted to the staff, executive employees or members of the Management Board or Supervisory Board of the Company or a related company. This authorisation can be exercised once or several times, in full or in several parts, individually or jointly, and is valid for the maximum statutory period. In addition, the Management Board was authorised to withdraw the own shares without any further resolution by the general meeting. The Management Board decided to make use of this authorisation to dispose of own shares. The sale of own shares started on July 31, 2007 and ended on August 6, 2007. The shares were sold outside the Stock Exchange, excluding the subscription rights of shareholders, since the Company has already paid part of the purchase price in own no-par value shares in the acquisition of all shares in Solve-Direct.com Internet-Service GmbH, already approved by the Supervisory Board.

8. Company agreements that become effective, change or end at a change in control as a result of a takeover bid, as well as their effects are not made public by the Company, with the exception of the disclosures in paragraph 9, as this would seriously damage the Company.
9. For the case of a "hostile" takeover of the Company in the meaning of the Austrian Takeover Act ("Übernahmegesetz") it was agreed separately with each member of the Board of Management that the managing director is entitled to unilaterally at any time terminate his management contract within a period of two (2) months as of the date the takeover becomes effective with immediate effect and without any further notification period and to resign immediately. The Company is obliged, if the managing director exerts this above-mentioned right, to transfer to the board member his fixed compensation to which he would be entitled until the end of his full term as stipulated in his contract, in the form of a one-off payment as severance payment within four weeks after the date of his resignation.

Events after the balance sheet date

On January 29, 2008 the Company filed an application for the revocation of the listing of the shares of BRAIN FORCE HOLDING AG on the Regulated Market at the Frankfurt Stock Exchange. By resolution dated February 13, 2008 the application of the Company was ap-

proved. The revocation of the listing of the shares on the Regulated Market at the Frankfurt Stock Exchange will enter into effect after May 13, 2008.

Takeover bid to the
shareholders of BRAIN
FORCE HOLDING AG

On January 31, 2008 Unternehmens Invest Aktiengesellschaft, Vienna, announced its intention to make a takeover bid to the shareholders of BRAIN FORCE HOLDING AG through BF Informationstechnologie-Beteiligungsgesellschaft m.b.H., Wels, in which Unternehmens Invest Aktiengesellschaft and CROSS Industries AG, Wels, together hold the majority of the shares. Subsequently, BF Informationstechnologie-Beteiligungsgesellschaft m.b.H. announced in mid-February 2008 that it had acquired additional shares in BRAIN FORCE HOLDING AG and concluded a voting trust agreement subject to a condition precedent with BEKO HOLDING AG, Vienna, which is why – in case the voting trust agreement is not prohibited by the antitrust authority – it will make a mandatory offer pursuant to the Austrian Takeover Act. The mandatory offer had not been published at the reporting date.

Outlook

What effects a possible takeover of BRAIN FORCE by BF Informationstechnologie-Beteiligungsgesellschaft m.b.H. might have on the future development, cannot be measured reliably, since the takeover bid has not yet been published.

Positive operating
result with rising sales

Given the announcements made so far by BF Informationstechnologie-Beteiligungsgesellschaft m.b.H. that BRAIN FORCE shall be positioned as platform for a Central European IT Group, from today's perspective the basic focus is likely to remain on the core business. BRAIN FORCE will advance the integration of acquired companies, in order to optimise existing synergies and further improve the competitiveness in the market. Upon reaching a positive EBIT in the fourth quarter of the reporting year, the Group had first major successes in this regard. This trend is expected to continue so that the Management Board anticipates a positive operating result with rising sales in the financial year 2008.

Vienna, March 14, 2008

The Management Board


Günter Pridt

Statement by the Management Board

Pursuant to Article 82 (4) of the (Austrian) Stock Exchange Act, the Executive Board of BRAIN FORCE HOLDING AG herewith confirms

1. that, to its knowledge, the Consolidated Financial Statements drawn up in compliance with applicable financial reporting standards present, as fairly as possible, the financial position and financial performance of the entirety of the companies included in the consolidated figures of the BRAIN FORCE Group;

2. that the management report presents the business development, the Earnings and the position of the entirety of the companies included in the consolidated figures of the BRAIN FORCE Group in such a manner as to present as fairly as possible the financial position and financial performance and to describe the essential risks and uncertainties to which the BRAIN FORCE Group is exposed.

Vienna, March 14, 2008

The Management Board



Günter Pridt

Report of the Supervisory Board

In performing its duties as stipulated by law and in the Company's memorandum and articles, the Supervisory Board held eight supervisory board meetings and two committee meetings during the course of 2007.

The Board of Management regularly informed the Supervisory Board, orally and in writing, about the operating activities and situation of the Company and its associates.

The financial statements of BRAIN FORCE HOLDING AG including the management report and the consolidated financial statements including the group management report as of December 31, 2007, compiled pursuant to Section 245a UGB (Austrian Commercial Code) in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, were audited by PwC INTER-TREUHAND GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, appointed pursuant to Section 270 UGB.

The audit confirmed that the accounting, the financial statements and the consolidated financial statements are in accordance with the statutory requirements and that the provisions of the Company's memorandum and articles have been observed. The audit's findings did not highlight any discrepancies, and the auditor therefore issued an unqualified opinion. The management report is in accordance with the financial statements and the consolidated financial statements.

The Supervisory Board has approved the 2007 financial statements and the management report. It agrees with the proposal of the Board of Management regarding the appropriation of the result. The financial statements have thus been adopted in accordance with Section 125 AktG (Austrian Stock Corporation Act). The Supervisory Board has also approved the consolidated financial statements and the management report for the group.

Helmut Fleischmann resigned from the Management Board as of September 4, 2007. His function as CEO was assumed by Günter Pridt as of that date, initially by way of interim appointment in accordance with Section 90 (2) AktG; for this reason, his function as Deputy Chairman of the Supervisory Board was suspended as of September 4, 2007. As a result of his definitive appointment as CEO as of September 27, 2007, Günter Pridt laid down his supervisory board mandate as of this date. As of October 29, 2007 Wolfgang Lippert resigned from the Management Board. As of the beginning of April 2008, Mr. Thomas Melzer will join the Management Board as CFO.

The Supervisory Board draws attention to the fact that BF Informationstechnologie-Beteiligungsgesellschaft m.b.H., Wels, in which Unternehmens Invest Aktiengesellschaft and CROSS Industries AG, Wels, together hold the majority of the shares, has made a public mandatory offer to the shareholders of BRAIN FORCE HOLDING AG in accordance with Sections 22 ff. ÜbG (Takeover Act). The Supervisory Board, in this context, refers to its well-founded statement on this offer pursuant to Section 14 Takeover Act.

The Supervisory Board thanks the management and staff for the successful activities in the financial year 2007.

Vienna, March 26, 2008

Supervisory Board



Dr. Christoph Senft
Chairman of the Supervisory Board

Consolidated Accounts

Consolidated income statement for the year 2007	Notes	2007	2006
		EUR	EUR
1. Net sales	18, 23, 51	98,333,256.56	88,531,176.82
2. Cost of sales	24	-79,056,320.15	-63,908,239.32
3. Gross profit on sales		19,276,936.41	24,622,937.50
4. Selling expenses	24	-11,898,282.92	-9,301,687.42
5. Administrative expenses	24	-14,241,460.11	-12,203,190.97
6. Other operating expenses	24	-1,705,580.30	-2,107,610.39
7. Other operating income	25	531,134.09	1,907,663.25
8. Impairment of goodwill	24	-8,645,809.75	0.00
9. Operating result		-16,683,062.58	2,918,111.97
10. Financial income	28	71,923.83	125,918.63
11. Financial expense	28	-785,329.74	-220,620.69
12. Financial result	28	-713,405.91	-94,702.06
13. Result from associates	33	-513,346.40	406,554.38
14. Result before income taxes		-17,909,814.89	3,229,964.29
15. Income taxes	20, 29	-2,004,895.22	942,883.04
16. Result for the period		-19,914,710.11	4,172,847.33
Result for the period attributable to:			
Equity holders of the parent company		-19,914,710.11	4,172,847.33
Earnings per share	53	-1.29	0.30

Consolidated balance sheet as at December 31, 2007	Notes	Dec. 31, 2007	Dec. 31, 2006
ASSETS		EUR	EUR
Non-current assets			
Property, plant and equipment	3, 30	2,328,060.01	1,614,067.54
Goodwill	5, 31	15,861,876.38	21,304,952.48
Other intangible assets	5, 6, 32	13,065,053.03	10,487,375.37
Investments in associates	7, 33	11,466.25	536,857.43
Financial assets	8, 34	179,780.94	183,283.32
Other receivables and assets	12, 38	750,910.93	825,771.92
Deferred tax assets	20, 35	2,628,433.11	4,768,958.28
		34,825,580.65	39,721,266.34
Current assets			
Inventories	10, 36	268,534.46	337,613.25
Trade receivables	11, 12, 37	28,168,703.26	25,851,978.91
Other receivables and assets	12, 38	1,638,648.75	2,134,857.61
Cash and cash equivalents	13, 39	9,440,942.51	13,533,836.72
		39,516,828.98	41,858,286.49
		74,342,409.63	81,579,552.83
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent company			
Share capital	40	15,386,742.00	15,386,742.00
Reserves	40	15,260,502.92	24,475,469.55
Retained earnings		-4,381,822.90	8,365,027.23
Own shares		0.00	-134,737.40
		26,265,422.02	48,092,501.38
Non-current liabilities			
Financial liabilities	14, 42	11,308,021.58	547,814.99
Other liabilities	14, 44	73,605.20	27,449.07
Provisions for post-employment benefits	16, 41	2,559,368.92	3,881,526.73
Other provisions	15, 46	1,603,503.00	3,155,240.00
Deferred tax liabilities	20, 35	2,561,714.48	1,887,976.80
		18,106,213.18	9,500,007.59
Current liabilities			
Financial liabilities	14, 42	4,664,466.62	1,999,157.99
Trade payables	14, 43	9,780,847.55	8,520,498.38
Other liabilities	14, 44	12,206,583.07	10,527,741.16
Tax provisions	20, 45	762,239.19	1,698,344.33
Other provisions	15, 46	2,556,638.00	1,241,302.00
		29,970,774.43	23,987,043.86
		74,342,409.63	81,579,552.83

Consolidated cash flow statement for the year 2007	Notes	2007	2006
		EUR	EUR
Cash flow from operating activities	47		
Result before taxes		-17,909,814.89	3,229,964.29
Adjustments for			
+ Depreciation/amortisation		17,029,091.52	3,595,802.35
+/- Financial result		713,405.91	94,702.06
+/- Result from associates		513,346.40	-406,554.38
+/- Gains/losses from the disposal of property, plant and equipment and intangible assets		1,713.94	-2,154.08
- Other non-cash income		0.00	-475,983.06
+/- Changes in provisions for post-employment benefits and other provisions		-1,204,220.81	13,852.65
+/- Changes in inventories		74,678.79	17,835.41
+/- Changes in receivables		-489,745.65	3,552,554.05
+/- Changes in payables		2,208,381.08	-475,134.79
+/- Currency translation differences		-6,683.80	-39,126.55
		930,152.49	9,105,757.95
- Interest paid		-543,072.63	-207,391.90
+ Dividends received		0.00	137,840.58
- Taxes on income paid		-2,404,279.05	-1,815,961.16
Net cash flow from operating activities		-2,017,199.19	7,220,245.47
Cash flow from investing activities	48		
- Acquisition of subsidiaries		-6,929,733.79	-11,164,502.84
- Investments in property, plant and equipment and other intangible assets		-2,820,623.02	-2,808,587.46
- Investments in financial assets		-9,803,484.79	-9,967,702.35
+ Sale of property, plant and equipment and other intangible assets		53,764.91	38,643.71
+ Sale of financial assets		9,947,332.45	10,034,190.53
Net cash flow from investing activities		-9,552,744.24	-13,867,958.41
Cash flow from financing activities	49		
+ Proceeds from issue of shares		0.00	14,092,860.83
- Purchase of own shares		-3,032,962.24	-104,812.78
- Dividends paid		-1,505,545.81	-820,053.52
+ Proceeds from borrowing		12,577,314.50	29,370.89
- Repayments of financial liabilities		-231,844.61	-4,451,826.85
Net cash flow from financing activities		7,806,961.84	8,745,538.57
Change in cash and cash equivalents	50	-3,762,981.59	2,097,825.63
Cash and cash equivalents at beginning of year		13,203,924.10	11,106,098.47
+/- Change in cash and cash equivalents		-3,762,981.59	2,097,825.63
Cash and cash equivalents at end of year	50	9,440,942.51	13,203,924.10

Consolidated statement of changes in equity	Notes		
		Share capital	Share premium
		EUR	EUR
Balance January 1, 2006		10,257,828.00	15,791,657.20
Fair value adjustments of securities		0.00	0.00
Currency translation differences		0.00	0.00
Transfer of reserves		0.00	0.00
Net income recognised directly in equity		0.00	0.00
Result for the period		0.00	0.00
Total result for the period		0.00	0.00
Dividend		0.00	0.00
Capital increase by cash contribution		5,128,914.00	10,770,719.40
Transaction costs related to issue of share capital		0.00	-1,811,772.57
Change of own shares		0.00	0.00
Other movements within minority interest		0.00	0.00
Balance December 31, 2006	40	15,386,742.00	24,750,604.03
Fair value adjustments of securities		0.00	0.00
Currency translation differences		0.00	0.00
Transfer of reserves		0.00	-9,162,972.80
Net income recognised directly in equity		0.00	-9,162,972.80
Result for the period		0.00	0.00
Total result for the period		0.00	-9,162,972.80
Dividend		0.00	0.00
Change of own shares		0.00	-51,610.83
Other movements within minority interest		0.00	0.00
Balance December 31, 2007	40	15,386,742.00	15,536,020.40

Attributable to equity holders of the parent company					Minority interest	Total equity
Other reserves	Retained earnings	Own shares	Total	Total		
EUR	EUR	EUR	EUR	EUR	EUR	
-149,821.08	5,812,121.08	-29,924.62	31,681,860.58	425,830.27	32,107,690.85	
-7,618.92	0.00	0.00	-7,618.92	0.00	-7,618.92	
-7,432.48	0.00	0.00	-7,432.48	0.00	-7,432.48	
-110,262.00	110,262.00	0.00	0.00		0.00	
-125,313.40	110,262.00	0.00	-15,051.40	0.00	-15,051.40	
0.00	4,172,847.33	0.00	4,172,847.33	0.00	4,172,847.33	
-125,313.40	4,283,109.33	0.00	4,157,795.93	0.00	4,157,795.93	
0.00	-820,053.52	0.00	-820,053.52	0.00	-820,053.52	
0.00	0.00	0.00	15,899,633.40	0.00	15,899,633.40	
0.00	0.00	0.00	-1,811,772.57	0.00	-1,811,772.57	
0.00	0.00	-104,812.78	-104,812.78	0.00	-104,812.78	
0.00	-910,149.66	0.00	-910,149.66	-425,830.27	-1,335,979.93	
-275,134.48	8,365,027.23	-134,737.40	48,092,501.38	0.00	48,092,501.38	
-4,505.98	0.00	0.00	-4,505.98	0.00	-4,505.98	
4,122.98	0.00	0.00	4,122.98	0.00	4,122.98	
0.00	9,162,972.80	0.00	0.00	0.00	0.00	
-383.00	9,162,972.80	0.00	-383.00	0.00	-383.00	
0.00	-19,914,710.11	0.00	-19,914,710.11	0.00	-19,914,710.11	
-383.00	-10,751,737.31	0.00	-19,915,093.11	0.00	-19,915,093.11	
0.00	-1,505,545.81	0.00	-1,505,545.81	0.00	-1,505,545.81	
0.00	0.00	134,737.40	83,126.57	0.00	83,126.57	
0.00	-489,567.01	0.00	-489,567.01	0.00	-489,567.01	
-275,517.48	-4,381,822.90	0.00	26,265,422.02	0.00	26,265,422.02	

Consolidated notes for the financial year 2007

The company

Within the past few years BRAIN FORCE HOLDING AG, Vienna, as medium-sized IT company transformed itself from a pure project service provider to an IT solutions provider. The BRAIN FORCE Group offers its products and services on the relevant markets through individual subsidiaries, mainly in the sectors insurance and financial services, telecommunications and industry. The company's head office is located at IZD Tower, Wagramer Straße 19, 1220 Vienna, Austria.

Accounting and measurement principles

(1) Financial reporting principles

The consolidated financial statements at December 31, 2007 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the applicable Austrian regulations pursuant to Section 245a UGB. Presentation currency is the Euro.

The measurement principles applied in the preparation of the consolidated financial statements are based on historical acquisition or production cost, with the exception of derivative financial instruments and available-for-sale securities, which are measured at fair value at the balance sheet date.

The preparation of the consolidated financial statements in accordance with generally accepted accounting and measurement principles pursuant to IFRS as adopted by the EU requires the use of estimates and assumptions which influence the amount and presentation of assets and liabilities in the balance sheet, disclosed contingent assets and liabilities at the balance sheet date, and income and expenses recorded during the reporting period. Although these estimates are made by the Management Board to the best of their knowledge and are based on current transactions, actual values may eventually differ from these estimates.

First-time adoption of new financial reporting standards

The following standards and interpretations were adopted for the first time:

- ▶ IFRS 7 Financial Instruments: Disclosures and Amendment to IAS 1 Presentation of Financial Statements - Capital Disclosures was adopted for the first time in 2007. This results in additional disclosures on financial instruments and has no effect on the presentation or measurement of the Group's financial instruments or disclosures regarding taxes and trade receivables or other liabilities.
- ▶ IFRIC 8 Scope of IFRS 2 (mandatory for accounting periods beginning on or after May 1, 2006). This interpretation does not have an impact on the consolidated financial statements.

- ▶ IFRIC 10 Interim Financial Reporting and Impairment. This interpretation does not have an impact on the consolidated financial statements.

New financial reporting regulations which are not yet mandatory

The IASB or IFRIC adopted further standards or amendments to standards and interpretations which are not yet mandatory for the financial year 2007. The following regulations had been adopted by the EU by the time these consolidated financial statements were prepared and published in the official journal.

- ▶ IFRS 8 Operating Segments (mandatory for accounting periods beginning on or after January 1, 2009). The effect of this standard cannot yet be estimated reliably.
- ▶ IFRIC 11 Group and Treasury Share Transactions pursuant to IFRS 2 (mandatory for accounting periods beginning on or after March 1, 2007). This interpretation does not have an impact on the consolidated financial statements.

The following standards or amendments to standards and interpretations were adopted by the IASB or IFRIC, however, by the time these consolidated financial statements were prepared, they had not yet been adopted by the EU.

- ▶ IFRIC 12 Service Concession Arrangements (mandatory for accounting periods beginning on or after January 1, 2008)
- ▶ IFRIC 13 Customer Loyalty Programmes (mandatory for accounting periods beginning on or after July 1, 2008)
- ▶ IFRIC 14 The Limit on a Defined Benefit Asset: Minimum Funding Requirements and their Interaction (mandatory for accounting periods beginning on or after July 1, 2008)
- ▶ IAS 23 Borrowing Costs (revised; mandatory for accounting periods beginning on or after January 1, 2009)
- ▶ IAS 1 Presentation of Financial Statements (revised; mandatory for accounting periods beginning on or after January 1, 2009)
- ▶ IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements (revised; mandatory for accounting periods beginning on or after July 1, 2009)
- ▶ IFRS 2 Share-based payment (revised; mandatory for accounting periods beginning on or after January 1, 2009)
- ▶ IAS 32 Financial Instruments Disclosures and IAS 1 Presentation of Financial Statements (revised; mandatory for accounting periods beginning on or after January 1, 2009)

The effect of these regulations cannot yet be estimated reliably.

(2) Principles of consolidation

The financial statements included in consolidation were all drawn up with a uniform consolidated balance sheet date at December 31, 2007.

In addition to BRAIN FORCE HOLDING AG, domestic and foreign subsidiaries are included in the consolidated financial statements over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Consolidated group

On July 6, 2007 a purchase and transfer agreement was concluded on the acquisition of all shares in SolveDirect.com Internet-Service GmbH, Vienna. After June 30, 2007 the risk and chance regarding the company shares were transferred. Subsequently, by merger agreement dated August 22, 2007 SolveDirect.com Internet-Service GmbH was merged into BRAIN FORCE SOFTWARE GmbH with retroactive effect as of January 1, 2007.

BRAIN FORCE SOFTWARE Ltd., Cambridge, United Kingdom, is liquidated and was deconsolidated at the end of the financial year.

Furthermore, BRAIN FORCE Inc., New York, USA, was incorporated and liquidated again.

Thus, the consolidated financial statements include BRAIN FORCE HOLDING AG, Vienna, and the listed subsidiaries and associates:

Company	Method of consolidation	Share
		%
BRAIN FORCE SOFTWARE GmbH, Vienna	F	100
BRAIN FORCE Software GmbH, Munich, Germany	F	100
BRAIN FORCE Hamburg GmbH, Munich, Germany ¹⁾	F	100
BRAIN FORCE S.p.A., Milan, Italy	F	100
BRAIN FORCE Network Solutions B.V., Veenendaal, Netherlands	F	100
BRAIN FORCE B.V., Veenendaal, Netherlands	F	100
BFS Brain Force Software AG, Kloten, Switzerland	F	100
BRAIN FORCE SOFTWARE s.r.o, Prague, Czech Republic	F	100
Brain Force Software s.r.o., Bratislava, Slovakia ²⁾	F	100
NSE Capital Venture GmbH, Munich, Germany ¹⁾	F	100
BRAIN FORCE Frankfurt GmbH (formerly SYSTEAM Ingenieurbüro für Datenkommunikation und Informatik GmbH), Langen, Germany	F	100
CONSULTING CUBE s.r.l., Bologna, Italy ³⁾	E	25
KEMP Technologies Inc., New York, USA	E	30

F Full consolidation

E Equity method of consolidation

1) The share is held by BRAIN FORCE Software GmbH, Munich, Germany.

2) 85 percent of the shares are held by BRAIN FORCE SOFTWARE s.r.o, Prague, Czech Republic, 15 percent by BRAIN FORCE SOFTWARE GmbH, Vienna.

3) The share is held by BRAIN FORCE S.p.A., Milan, Italy.

SFP Software für FinanzPartner GmbH, Munich, Germany, was merged into BRAIN FORCE Software GmbH, Munich, Germany, in 2007.

Methods of consolidation

Consolidation is carried out in accordance with the regulations of IFRS 3. All business combinations are accounted for using the purchase method. The acquisition costs of the shares in the subsidiaries included in consolidation plus costs directly attributable to the acquisition are offset against the proportionate net assets based on the fair values of the assets and liabilities assumed at the time of acquisition or transfer of control.

Identifiable intangible assets are recognised separately and amortised systematically. The remaining goodwill is allocated to the cash-generating unit(s) and is tested for impairment at least annually at this level.

If the fair value of the net assets of the subsidiary acquired exceeds the cost of acquisition, the assets acquired and liabilities and contingent liabilities assumed as well as acquisition costs have to be remeasured and any remaining excess has to be recognised directly in the income statement.

Intragroup receivables and liabilities, income, expenses and any interim results are eliminated.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). All financial statements are presented in the respective local currencies.

The consolidated financial statements are presented in euros, which is the functional currency of the parent company and the presentation currency of the Group.

The differences resulting from the translation of financial statements of consolidated entities are recognised in equity, not affecting net income.

In the individual financial statements of group companies foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the evaluation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The financial statements of foreign subsidiaries that have a functional currency different from the presentation currency of the Group are translated into the presentation currency at the respective year-end exchange rates.

The euro exchange rates for the major currencies are presented in the following table:

Currency	Rate at the balance sheet date 2007	Rate at the balance sheet date 2006
	1 EUR	1 EUR
CHF Swiss franc	1.6560	1.6085
GBP British pound	0.7355	0.6710
CZK Czech crowns	26.600	27.4800
SKK Slovak crowns	33.620	34.5700
USD US dollar	1.4725	1.3185

(3) Property, plant and equipment

Property, plant and equipment is stated at historical cost less systematic depreciation. PP&E is depreciated on a straight-line basis over the expected useful lives of the assets. The assets are depreciated on a pro rata temporis basis from the month in which the asset is available for use.

Systematic depreciation is based on the following useful lives which are uniform within the Group:

Building investments in non-owned facilities	10 years
IT equipment	3 to 5 years
Office machines	4 to 5 years
Office equipment	5 to 10 years

If an asset is impaired, the carrying amount is reduced to its recoverable amount (see note 9).

Maintenance expenses

Maintenance expenses are recognised in the income statement in the period in which they are incurred.

(4) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(5) Intangible assets

In accordance with IFRS 3, goodwill arising from a business combination shall not be amortised systematically.

Assets accounted for in connection with the allocation of the purchase price are amortised as follows: trademark rights on a straight-line basis over 10 years, product developments on a straight-line basis over 5 years, customer relations on a straight-line basis over 5 to 7 years, and orders on hand over the corresponding time required for their processing.

Other purchased intangible assets are recognised at cost less amortisation calculated according to the straight-line method and based on the estimated useful lives of the assets. As a rule, estimated useful lives of assets are between 3 and 5 years for software, 3 years for licenses and distribution rights, and 10 years for registered trademarks.

If an asset is impaired, the carrying amount is reduced to its recoverable amount (see note 9). In addition, goodwill shall be tested annually for impairment.

(6) Research and development

Expenditure on research is recognised as an expense. Development costs, both for bought-in goods and services and also for internal development costs arising from development projects, if they meet the required criteria, are recognised as assets arising from development (other intangible assets) in accordance with IAS 38 to the extent that such expenditure is expected to generate future economic benefits. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are amortised on a straight-line basis over the expected useful life of the respective product, currently 3 to 5 years.

(7) Associates

Investments in associates, i.e. companies in which the Group, directly or indirectly, holds more than 20 percent of the voting rights or in another way can exercise a significant influence on the operating policies of the associated company, are accounted for using the equity method. Under this method, investments are initially recorded at cost and subsequently adjusted according to the investor's share in the net assets of the associated company. The income statement reflects the investor's share in the results of the associated company.

(8) Financial assets

In addition to investments, financial assets include securities held for an indefinite period that may be sold for liquidity requirements or due to changes in interest rates. They are classified as "available-for-sale".

Available-for-sales securities are subsequently measured at fair value (based on stock prices), with unrealised changes in value being recognised in equity under other reserves.

Investments are also classified as available-for-sale financial assets, they are, however, normally measured at cost, as an active market value does not exist for these companies and the respective fair values cannot be determined reliably at reasonable expense. If there are any indications to a lower fair value, this value will be recognised.

If any indications exist, assets will be tested for impairment. If assets are impaired, the corresponding impairment loss is recognised in profit or loss.

All purchases and sales are recognised at the date of settlement; acquisition costs include transaction costs.

(9) Impairment of certain non-current assets

Property, plant and equipment, goodwill and other intangible assets are examined to assess whether altered circumstances or events indicate that the carrying amount is no longer recoverable. If an asset is impaired, the carrying amount is reduced to its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use. In order to assess impairment, assets are grouped into cash-generating units, i.e. the smallest identifiable group of assets that generates separate cash inflows. If the reason for the impairment no longer exists, a corresponding write-up is made, except for goodwill.

(10) Inventories

Inventories are recognised at the lower of cost or net realisable value in accordance with IAS 2. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(11) Construction contracts

The profit from a construction contract is recognised as soon as it can be estimated reliably. The Group uses the percentage-of-completion method to determine the appropriate amount in a period. The stage of completion is shown as the number of hours worked up to the balance sheet date in proportion to all the hours allocated to the project. Losses are recognised at the earliest possible date. Advance payments received are deducted from the receivables from construction contracts. Any negative balance for a construction contract resulting from this will be recognised as a liability from construction contracts.

(12) Receivables and other assets

Receivables and other assets are recognised at cost less any necessary provision for impairment. Receivables in foreign currencies are measured at the exchange rate prevailing at the balance sheet date.

Long-term receivables falling due within twelve months after the balance sheet date are recognised under current assets.

(13) Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits. Deposits held in foreign currencies are measured at the exchange rate prevailing at the balance sheet date December 31, 2007.

(14) Liabilities

Liabilities are recognised at cost or at the amount repayable, if different. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Liabilities in foreign currencies are measured at the exchange rate prevailing at the balance sheet date.

(15) Provisions

Provisions are recognised, if the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle this obligation, and that the amount can be estimated reliably.

Long-term provisions are recognised at the amount repayable discounted to the balance sheet date, if the interest effect resulting from discounting is material.

(16) Provisions for post-employment benefits

Provisions for post-employment benefits include long-term obligations for pensions and termination benefits (severance payments) calculated in accordance with actuarial methods pursuant to IAS 19. The present value of the defined benefit obligation = DBO is calculated on the basis of the length of service, the expected development of salary and (in the case of pensions) the pension adjustment. The obligation resulting according to the projected unit credit method is reduced for pensions payable by a multi-employer pension fund by the plan assets of the fund. To the extent that the plan assets do not cover the obligation, the net obligation is recognised as a liability under provisions for pensions.

The expense for the period to be recognised includes service cost, interest cost, and expense or income from the amortisation of past service costs and actuarial gains and losses.

The calculation of the obligations is based on actuarial assumptions, particularly with regard to the interest rate applicable for discounting, the rate of increase for salaries and pensions, the pensionable age and probabilities concerning labour turnover and the probability of occurrence.

The calculation is based on local biometrical data.

The interest rate applied in calculating the present value of defined benefit obligations is based on the average market yield on corporate bonds with the same term to maturity.

Estimated future salary increases are derived from the average salary development of the past years, which is considered realistic for the future.

The deductions for labour turnover and for the probability of occurrence are based on figures for comparable prior periods.

The pensionable age used in the calculation of post-employment benefit obligations is derived from the actual commitments made; severance payments are calculated on the basis of estimated pensionable age.

Actuarial gains and losses are not taken into account unless they exceed the higher of 10 percent of total obligations or any plan assets (corridor). The amount exceeding the corridor will be taken through profit or loss over the average remaining service period of the active staff and recognised in the balance sheet.

Severance payments relate to obligations under Austrian or Italian law.

Severance payments under Austrian labour law are one-off employee benefits, which have to be paid on an enterprise's decision to terminate an employee's employment and when the employee goes into regular retirement. Their amount is based on the years of service and the amount of remuneration.

Years of service	3	5	10	15	20	25
No. of months remuneration	2	3	4	6	9	12

Since the beginning of 2003, defined contribution plans have been applicable to employees who join an Austrian company. Starting from the second month of the employment relationship, the employer pays a regular contribution of 1.53 percent of monthly remuneration and any additional payments to a Mitarbeitervorsorgekasse or MVK (statutory scheme for severance payments). No additional obligation exists on the part of the company. The employees' entitlements exist vis-à-vis the respective MVK, and the current contributions paid by the company are recognised under personnel expenses.

Severance payments under Italian law (TFR) are one-off employee benefits which have to be paid as soon as an employee leaves an enterprise. The amount of the compensation is based on the number of monthly salaries (indexed), whereby a monthly salary (annual salary divided

by 13.5) is earned per service year. The employee can receive an advance of up to 70 percent of the entitlement under certain conditions, e.g. to purchase a home or medical care. As of the financial year 2007 the amounts earned have to be paid to the statutory social security or a provision fund designated by the employee.

(17) Presentation of the income statement

Up to the financial year 2006 the income statement was presented using the nature of expense method. As of the financial year 2007, the presentation was changed to the function of expense method.

(18) Net sales

Revenue is recognised upon delivery or transfer of risk to the customer, rebates and other discounts are deducted. Sales relating to the rendering of services in accordance with IAS 18 are measured using the percentage-of-completion method.

(19) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(20) Income taxes

Income taxes are recognised according to the source of tax and are based on the corresponding profit of the financial year.

Deferred taxes are determined on the basis of all temporary differences arising from tax values and IFRS values of all assets and liabilities using the liability method and the relevant national tax rates prevailing on the balance sheet date or which have been substantially enacted and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are recognised under long-term liabilities, deferred tax assets under long-term assets.

The most important temporary differences result from the capitalisation of development costs and other assets and liabilities identifiable in the allocation of the purchase price under IFRS 3, the depreciation of property, plant and equipment, receivables, provisions for tax purposes, construction contracts and the provisions for post-employment benefit obligations. Deferred taxes relating to tax loss carryforwards and deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

(21) Financial risk management

The BRAIN FORCE Group is exposed to a variety of financial risks (liquidity risk, credit risk, foreign exchange risk, interest rate risk). The financial risk management is carried out centrally

under policies approved by the Executive Board and is designed to minimize the potential negative effects on the financial situation of the Group.

Liquidity risk

Liquidity risk refers to the risk that an entity will not have sufficient funds available at any given time to meet its obligations on time. As part of established management mechanisms, monthly rolling financial planning is monitored at management level. Statistical assessments of funds available at varying points in time are used on which to base funding decisions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. In the past financial year the Group has taken out a long-term bullet loan in the amount of EUR 10 million. The interest on the loan is fixed. On the part of the financing bank a measurement was made using an international measurement system at the time the loan was granted based on the 2005 consolidated financial statements. The measurement is renewed annually. In case the measurement deteriorates more than three notches within one year or falls below a determined notch, the creditors are entitled to terminate the loan agreement. This, however, may only be done on the condition that the termination on the whole is appropriate considering the economic circumstances.

Credit risk

It covers the risk of default in particular, hence the risk that one party fails to meet its obligations and that a default occurs. Despite a widely dispersed customer base in the Group, the operating companies of the BRAIN FORCE Group depend heavily on individual major customers. In order to be able to minimise the adverse effect on the result in case of defaults by customers, the focus is on expanding the customer base further to reduce these dependencies. Risk management accounts for a significant deterioration of customers' creditworthiness.

Foreign exchange risk

The risk resulting from fluctuations in fair values of financial instruments or other balance sheet items and/or cash flows due to foreign currency fluctuations is referred to as currency risk. In particular, the risk exists where business transactions in currencies other than the local currency of the Group exist or can arise in the course of regular business operations.

The BRAIN FORCE Group is not exposed to significant foreign exchange risks as part of its operating activities. About 98 percent of its sales are generated within the euro zone, the rest in Switzerland, the Czech Republic and Slovakia.

1 percent of the foreign exchange exposure results from trade receivables not denominated in euros, and 1 percent from trade payables not denominated in euros.

The Group invested approx. EUR 0.69 million in USD by acquiring a convertible bond.

Foreign currency positions are not hedged by derivative financial instruments, because the risk was considered insignificant at the balance sheet date.

Any further sensitivity analysis is therefore considered unnecessary.

Interest rate risk

The interest rate risk refers to the risk resulting from the change of fluctuations in fair values of financial instruments, other balance sheet items and/or interest-related cash flows due to fluctuations of market interest rates. The interest rate risk comprises the fair value risk for balance sheet items bearing fixed interest rates and the cash flow risk for balance sheet items bearing variable interest rates.

For financial instruments carrying fixed interest rates a market interest rate is stipulated for the entire period. The risk exists that the market value (present value of future payments, i.e. interest and repayable amount, discounted with the market interest rate for the remaining term prevailing at the balance sheet date) of the financial instrument changes when the interest rate changes. The price risk caused by changes in interest rate results in a loss or gain, if the fixed-interest bearing financial instrument is sold before maturity. The interest rate for variable interest bearing financial instruments is adjusted immediately and normally follows the respective market interest rate. The risk involved here is that the market interest rate fluctuates and, as a result, changed interest payments will fall due.

By the end of the financial year 2006 the BRAIN FORCE Group was predominantly self-financed. Financial liabilities were mainly short-term and carried variable interest rates. By taking out a long-term bullet loan in the amount of EUR 10 million the Group aims at a balanced relation between equity and debt financing. The interest rate is basically fixed and can only be adjusted in case of a significant change in credit standing (see below liquidity risk).

The income and operating cash flows of the BRAIN FORCE Group are largely unaffected by changes in market interest rates. Cash and cash equivalents are invested on a short-term basis.

Capital risk management

The Group's objectives regarding the capital risk management include securing its going concern to continue to provide the shareholders with income and the other stakeholders with adequate services, and maintaining an optimal capital structure, in order to reduce capital costs. BRAIN FORCE is not subject to statutory capital requirements. The equity ratio amounts

to 35 percent at the balance sheet date (prior year: 59 percent).

Derivative financial instruments

Except for one interest rate swap expired in the financial year, the Group does not use any derivative financial instruments.

Embedded derivative financial instruments exist, if the economic characteristics and risks of the derivative are not closely related to those of the underlying transaction, a derivative financial instrument concluded on the same terms had to be recognised separately and the hybrid financial instrument is not measured at fair value through profit or loss.

The present case of an embedded derivative financial instrument with the BRAIN FORCE Group is a call option for BRAIN FORCE which is related to a convertible bond. The underlying transaction is an original financial instrument which is available for sale, however, as it is not listed on the stock exchange and as an active market does not exist, it is measured at amortised cost.

If they can be determined reliably, derivative financial instruments are segregated from the respective underlying transaction, measured separately at fair values and recognised in profit or loss.

Fair values

Due to their short-term nature, trade receivables, other receivables and payables and cash and cash equivalents recognised in the balance sheet basically correspond to their fair values. The fair values stated for financial liabilities are determined as the present value of discounted future cash flows using the market interest rates applicable for financial debt of corresponding maturity and risk structure.

(22) Accounting estimates and assumptions

In applying the accounting and measurement principles BRAIN FORCE Group to a certain extent made assumptions about future developments and used estimates with regard to non-current assets, allowances for receivables, provisions and deferred taxes. Actual values may eventually differ from these assumptions and estimates.

Impairment of goodwill

The effects of adverse changes of estimates made in the annual impairment test of the interest rate by plus 10 percent or of the cash flow by minus 10 percent would result in an additional impairment of the recognised goodwill in the amount of EUR 710 thousand or EUR 199

thousand, respectively.

Deferred taxes

If future taxable income within the plan period defined for the recognition and measurement of deferred taxes fell 10 percent short of the value assumed at the balance sheet date, the recognised net position of deferred tax assets would probably have to be reduced by EUR 347 thousand (prior year: EUR 598 thousand).

With the Corporate Tax Reform Act (“Unternehmensteuerreformgesetz”) 2008 passed by the upper house of the German parliament (“Bundesrat”) the limitation of loss deduction was significantly tightened. The provision applicable for German corporations provides for a pro rata lapse of loss deduction as of January 1, 2008 in case shares or voting rights of more than 25 percent up to 50 percent are transferred within 5 years. Irrespective of that, in case shares or voting rights of more than 50 percent are transferred, the right to loss deduction lapses in full. The direct change in shareholders is detrimental, even if it does not indirectly result in any change in the interest held.

A change in shareholders of up to 50 percent would not have any impact on the deferred taxes recognized on the tax loss carryforwards. A change in shareholders of more than 50 percent would result in a reduction of deferred tax assets in the amount of EUR 2.90 million.

Provisions for post-employment benefits

In the BRAIN FORCE Group actuarial gains and losses for pensions and severance payments under Austrian law are recognised in the income statement over the average remaining service period considering the corridor rule, in case of severance payments under Italian law immediately at the full amount.

The present value of the obligation depends on a number of factors which are based on actuarial assumptions. The assumptions used in calculating the expenses include the increase in salaries and the interest rate. Any change in these assumptions has effects on the present value of the obligation and on actuarial gains and losses not yet recognised. Applying the corridor method, the amount of actuarial gains and losses outside the corridor has to be allocated in profit or loss over the average remaining service period of the beneficiary.

Future salary increases are derived from the average salary development of the past years, which is considered realistic for the future.

The Group calculates the relevant interest rate at the end of each year. This is the interest

rate which is used in the calculation of the present value of expected future cash outflows for the payment of the obligation. The calculation of the interest rate is based on the interest rate for corporate bonds of the highest credit standing denominated in the currency in which the services are paid and whose maturities equal those of the pension and severance payment obligations.

Further material assumptions are in part based on market conditions.

If the assumptions were based on a discount rate which fell 10 percent short of the estimates made by management, the present value of the obligation for pensions and severance payments would have to be raised by EUR 105 thousand (prior year: EUR 178 thousand).

Other balance sheet items

With regard to the other balance sheet items, changes in estimates and assumptions do not result in significant effects on the assets, the financial and earnings situation for the following financial year.

Notes on individual items of the consolidated income statement

(23) Net sales

Net sales are broken down into the following items:

	2007	2006
	EUR	EUR
Current services	70,940,431.58	67,588,732.73
Construction/service contracts	8,392,665.52	5,579,331.86
Products	19,000,159.46	15,363,112.23
	98,333,256.56	88,531,176.82

(24) Types of expenditure

For the financial year 2007 the income statement was prepared for the first time using the function of expense method. The following presentation shows a breakdown by type of expenditure. The prior-year figures were adjusted accordingly.

	2007	2006
	EUR	EUR
Increase or decrease in services not yet invoiced	91,645.10	69,058.07
Cost of materials and purchased services	33,222,591.45	26,730,411.87
Own work capitalised	-1,317,257.36	-1,952,745.70
Personnel expenses	49,944,772.08	45,478,610.06
Depreciation and amortisation	8,383,281.77	3,595,802.35
Amortisation of goodwill	8,645,809.75	0.00
Rents and energy costs	3,446,686.97	2,580,676.95
Automobile expenses	2,612,994.92	2,082,530.74
Travel expenses	1,780,047.02	1,430,431.24
Advertising and marketing expenses	1,502,488.58	872,821.87
Legal, audit and consulting fees	2,839,396.18	1,638,809.27
Postage and communication charges	720,312.69	720,936.00
Bad debts and allowances for receivables	531,153.38	1,256,770.63
Other expenses	3,143,530.70	3,016,614.75
Total manufacturing, selling and administrative expenses and other costs	115,547,453.23	87,520,728.10

Depreciation and amortisation in the amount of EUR 8,383,281.77 includes EUR 3,091,475.38 (prior year: EUR 0) of impairment.

(25) Other operating income

Other operating income includes:

	2007	2006
	EUR	EUR
Agency income	0.00	196,680.46
Rental income	26,039.38	53,101.61
Income from successive business combination	0.00	475,983.06
Cancellation fees and compensations	0.00	767,164.48
Other	505,094.71	414,733.64
	531,134.09	1,907,663.25

Income from successive business combination reported in 2006 relates to the surplus of net assets acquired over acquisition costs in connection with the acquisition of the remaining 51 percent of the shares in SFP Software für FinanzPartner GmbH, Munich, Germany.

(26) Cost of materials and purchased services

These expenses are allocated to production costs and broken down as follows:

	2007	2006
	EUR	EUR
Cost of materials		
Cost of goods sold	4,511,116.25	1,417,577.52
Maintenance	750,630.00	689,678.95
Licenses	1,796,063.40	2,050,451.50
	7,057,809.65	4,157,707.97
Cost of purchased services		
Subcontractors	26,164,781.80	22,572,703.90
	33,222,591.45	26,730,411.87

(27) Staff costs

Manufacturing, selling and administrative expenses include the following staff costs:

	2007	2006
	EUR	EUR
Salaries	40,623,175.35	36,867,353.15
Expenses for severance payments	387,584.93	627,971.28
Expenses for pensions	36,336.64	25,703.52
Expenses for statutory social security, payroll-related taxes and mandatory contributions	8,897,675.16	7,957,582.11
	49,944,772.08	45,478,610.06

Expenses for severance payments in addition to statutory entitlements (see note 41) also include contributions payable to a staff provision fund ("Mitarbeitevorsorgekasse") in the amount of EUR 62,690.04 (prior year: EUR 45,711.24). As of the financial year 2007, other fringe benefits are reported under other expenses of the individual areas. The prior-year amount of other fringe benefits in the amount of EUR 197,255.43 was reclassified accordingly.

(28) Financial result

The financial result is calculated as follows:

	2007	2006
	EUR	EUR
Income from the disposal of securities	71,923.83	125,918.63
Interest and similar expenses	-705,044.29	-133,056.49
Net losses from foreign currency translation	-80,285.45	-87,564.20
	-713,405.91	-94,702.06

(29) Income taxes

	2007	2006
	EUR	EUR
Current tax expense	1,351,005.24	2,081,272.97
Deferred tax income/expense	653,889.98	-3,024,156.01
	2,004,895.22	-942,883.04

The income tax expense for the year is EUR 6,482,348.94 lower (prior year: EUR 1,750,374.10 lower) than the calculated income tax expense of EUR -4,477,453.72 (prior year: EUR 807,491.06), which would result from applying a tax rate of 25 percent (prior year: 25 percent) on the result before taxes, with the tax rate equalling the income tax rate applicable to the parent company. The reasons for the difference between calculated and recognised income tax expenses are as follows:

	2007	2006
	EUR	EUR
Result before income taxes	-17,909,814.89	3,229,964.29
thereof 25 percent = calculated income tax expense	-4,477,453.72	807,491.06
Effects of different tax rates in other countries	273,111.72	1,266,563.97
Effects of changes in tax rates	794,179.52	-21,547.12
Income not subject to tax	-341,813.00	-385,307.30
Expenses not deductible for tax purposes	804,968.04	156,771.03
Other permanent differences	-2,606.81	5,257.24
Write-down of deferred tax assets	1,663,913.78	84,006.88
Utilisation and subsequent capitalisation of temporary differences and tax losses not recognised in the year in which they arose	-217,064.95	-4,006,947.67
Tax losses for which no deferred tax assets have been recognised	3,175,206.61	1,111,752.30
Income tax expense – current period	1,672,441.19	-981,959.61
Non-periodic income tax expense/income	332,454.03	39,076.57
Recognised income tax expense/income	2,004,895.22	-942,883.04

Notes on individual items of the consolidated balance sheet

(30) Property, plant and equipment

Property, plant and equipment have changed as follows:

	Building invest- ments in non- owned facilities	Office machines, IT equipment, other office equipment	Total
	EUR	EUR	EUR
Acquisition or production costs Jan. 1, 2007	877,567.62	4,486,242.70	5,363,810.32
Currency translation differences	386.35	366.49	752.84
Additions	505,911.69	825,272.59	1,331,184.28
Additions from change in consolidated group	8,323.33	247,741.36	256,064.69
Disposals	-12,064.54	-470,585.98	-482,650.52
Acquisition or production costs Dec. 31, 2007	1,380,124.45	5,089,037.16	6,469,161.61
Accumulated depreciation Jan. 1, 2007	558,969.17	3,190,773.61	3,749,742.78
Currency translation differences	77.01	348.12	425.13
Depreciation charge 2007	132,467.70	689,071.55	821,539.25
Disposals	-2,791.05	-427,814.51	-430,605.56
Accumulated depreciation Dec. 31, 2007	688,722.83	3,452,378.77	4,141,101.60
Carrying amounts Dec. 31, 2007	691,401.62	1,636,658.39	2,328,060.01

	Building invest- ments in non- owned facilities	Office machines, IT equipment, other office equipment	Total
	EUR	EUR	EUR
Acquisition or production costs Jan. 1, 2006	979,027.33	3,975,200.53	4,954,227.86
Currency translation differences	631.14	913.43	1,544.57
Additions	63,078.65	664,251.78	727,330.43
Additions from change in consolidated group	10,974.99	116,123.58	127,098.57
Disposals	0.00	-430,403.47	-430,403.47
Transfers	-176,144.49	160,156.85	-15,987.64
Acquisition or production costs Dec. 31, 2006	877,567.62	4,486,242.70	5,363,810.32
Accumulated depreciation Jan. 1, 2006	582,896.05	2,834,004.92	3,416,900.97
Currency translation differences	83.69	781.38	865.07
Depreciation charge 2006	109,116.11	628,246.64	737,362.75
Disposals	0.00	-393,940.84	-393,940.84
Transfers	-133,126.68	121,681.51	-11,445.17
Accumulated depreciation Dec. 31, 2006	558,969.17	3,190,773.61	3,749,742.78
Carrying amounts Dec. 31, 2006	318,598.45	1,295,469.09	1,614,067.54

(31) Goodwill

Goodwill has changed as follows:

	2007	2006
	EUR	EUR
Carrying amount Jan. 1	21,304,952.48	10,066,500.26
Addition	5,576,569.26	11,238,452.22
Disposal due to purchase price adjustment	-2,373,835.61	0.00
Impairment charge	-8,645,809.75	0.00
Carrying amount Dec. 31	15,861,876.38	21,304,952.48

The goodwill at January 1 of the financial year results from past acquisitions of corresponding shares for BRAIN FORCE S.p.A., Milan, Italy (formerly: TEMA Studio di Informatica S.p.A.), beusen Solutions GmbH, Berlin, Germany (meanwhile merged with BRAIN FORCE Software GmbH, Munich, Germany), Brain Force Financial Solutions AG, Munich, Germany (formerly: NSE Software AG, merged with BRAIN FORCE Software GmbH, Munich, Germany, in the financial year 2006), INDIS S.p.A., Milan, Italy (merged with BRAIN FORCE S.p.A., Milan, Italy, in the financial year 2006), BRAIN FORCE B.V., Veenendaal, Netherlands (formerly VAI B.V.), and BRAIN FORCE Frankfurt GmbH, Langen, Germany (formerly SYSTEAM Ingenieurbüro für Datenkommunikation und Informatik GmbH).

The addition results from the acquisition of SolveDirect.com Internet-Service GmbH (see note 52).

The disposal results from the adjustment of the obligation to pay a variable purchase price component regarding BRAIN FORCE B.V. due to changes in estimates.

The impairment charge is the result of impairment tests carried out for some cash generating units, since there were indications that the goodwill might be impaired, and is composed as follows:

	EUR
BRAIN FORCE Software GmbH, Munich, Germany – Segment DE, CGU Network, Communication and Security Solutions	1,504,242.00
BRAIN FORCE B.V., Veenendaal, Netherlands (formerly VAI B.V.) – Segment DE	1,254,000.00
BRAIN FORCE B.V., Veenendaal, Netherlands (formerly VAI B.V.) – Segment CEE	83,000.00
BRAIN FORCE B.V., Veenendaal, Netherlands (formerly VAI B.V.) – Segment SWE	245,000.00
BRAIN FORCE B.V., Veenendaal, Netherlands (formerly VAI B.V.) – Segment NE	2,067,000.00
BRAIN FORCE Frankfurt GmbH (formerly SYSTEAM) – Segment DE TI division	1,806,567.75
BRAIN FORCE Frankfurt GmbH (formerly SYSTEAM) – Segment DE ES division	1,686,000.00
	8,645,809.75

The recoverable amount of the cash-generating units was determined based on value-in-use calculations. These value-in-use calculations are based on the cash flows expected for the following three financial years according to the management's best estimate at the time of the calculation. The calculation was made for the goodwill listed, with the exception of BRAIN FORCE Frankfurt GmbH - Segment DE, ES division as of June 30, 2007. For the goodwill of BRAIN FORCE Frankfurt GmbH - Segment DE, ES division the calculation was made when there were indications for impairment in September 2007 as of September 30, 2007.

Key assumptions used for value-in-use calculations that resulted in the amortisation charge:

	Gross margin	Growth rate	Discount rate before tax	Discount rate after tax
	%	%	%	%
BRAIN FORCE Software GmbH, Munich, Germany – Segment DE, CGU Network, Communication and Security Solutions	47.0	0.0	19.9	13.4
BRAIN FORCE B.V., Veenendaal, Netherlands (formerly VAI B.V.) – Segment NE	48.0	0.0	20.3	13.6
BRAIN FORCE Frankfurt GmbH (formerly SYSTEAM) – Segment DE ES division	13.9	0.0	20.1	13.4
BRAIN FORCE Frankfurt GmbH (formerly SYSTEAM) – Segment DE TI division	13.3	0.0	20.2	13.4

After impairment charge, goodwill is as follows:

	Allocated goodwill
	EUR
BRAIN FORCE S.p.A. – Segment SWE, BS division	1,783,670.06
BRAIN FORCE S.p.A. – Segment SWE, TI division	1,014,886.50
BRAIN FORCE Software GmbH – Segment DE, BS, Financial Solutions division	1,172,811.78
BRAIN FORCE B.V. – Segment NE	4,160,982.31
SolveDirect.com Internet–Service GmbH – Segment CEE, TI division	5,576,569.26
BRAIN FORCE Frankfurt GmbH (formerly SYSTEAM) – Segment DE, ES division	2,152,956.47
Carrying amount Dec. 31, 2007	15,861,876.38

The company SolveDirect, which was acquired in the financial year 2007, operates in the Segment CEE.

For the performance of the annual impairment test of goodwill the value-in-use calculation is based on cash flow projections derived from the 2008 financial budget approved by management and the resulting medium-term planning for the following two years. Cash flows beyond this three-year period are extrapolated using the estimated growth rates stated below, which

do not exceed the long-term average growth rate for the respective business segments. The calculations did not establish any further need for impairment.

Key assumptions used for value-in-use calculations:

	Gross margin	Growth rate	Discount rate before tax	Discount rate after tax
	%	%	%	%
BRAIN FORCE S.p.A. – Segment SWE, BS division	36.0	0.0	35.0	13.0
BRAIN FORCE S.p.A. – Segment SWE, TI division	28.6	0.0	39.5	13.0
BRAIN FORCE Software GmbH – Segment DE, BS, Financial Solutions division	42.6	0.0	14.6	13.4
SolveDirect.com Internet Services GmbH – Segment CEE, TI division	54.4	0.7	19.6	14.3
BRAIN FORCE B.V. – Segment NE	39.2	0.0	18.8	13.6
BRAIN FORCE Frankfurt GmbH (formerly SYSTEAM) – Segment DE, ES division	13.9	0.0	20.2	13.4

The gross margins listed are average values for the planning period of the business plan, based on values from previous years and on estimates regarding market developments and market position, taking into account cost structures.

The respective discount rates before tax were determined iteratively on the basis of cash flows before taxes, using the value in use that is calculated by applying discount rates after taxes to cash flows after taxes, which account for the realisable tax loss carryforwards. The deviations from the discount rates after taxes are due to the effective tax burden of the respective unit.

The discount rate used was derived from the weighted average cost of capital (WACC), computed according to the capital asset pricing model (CAPM), reflecting the financial structure and market risks associated with the business segments.

(32) Other intangible assets

Other intangible assets have changed as follows:

	Development costs	Other	Total
	EUR	EUR	EUR
Acquisition or production costs Jan. 1, 2007	10,851,711.56	6,113,250.94	16,964,962.50
Currency translation differences	5,094.53	4,781.41	9,875.94
Additions	1,317,257.36	172,181.38	1,489,438.74
Additions from change in consolidated group	0.00	8,647,275.12	8,647,275.12
Disposals	-613,037.37	0.00	-613,037.37
Acquisition or production costs Dec. 31, 2007	11,561,026.08	14,937,488.85	26,498,514.93
Accumulated amortisation Jan. 1, 2007	4,450,784.70	2,026,802.43	6,477,587.13
Currency translation differences	2,498.11	4,665.50	7,163.61
Amortisation charge 2007	2,555,131.87	1,915,135.27	4,470,267.14
Impairment charge	1,855,000.00	1,236,475.38	3,091,475.38
Disposals	-613,031.36	0.00	-613,031.36
Accumulated amortisation Dec. 31, 2007	8,250,383.32	5,183,078.58	13,433,461.90
Carrying amounts Dec. 31, 2007	3,310,642.76	9,754,410.27	13,065,053.03

	Development costs	Other	Total
	EUR	EUR	EUR
Acquisition or production costs Jan. 1, 2006	8,929,583.31	2,912,320.49	11,841,903.80
Currency translation differences	8,322.55	10,388.66	18,711.21
Additions	1,952,745.70	128,511.33	2,081,257.03
Additions from change in consolidated group	0.00	3,047,159.91	3,047,159.91
Disposals	-38,940.00	-1,117.09	-40,057.09
Transfers	0.00	15,987.64	15,987.64
Acquisition or production costs Dec. 31, 2006	10,851,711.56	6,113,250.94	16,964,962.50
Accumulated amortisation Jan. 1, 2006	2,241,063.08	1,394,721.75	3,635,784.83
Currency translation differences	1,985.09	9,962.53	11,947.62
Amortisation charge 2006	2,246,676.53	611,763.07	2,858,439.60
Disposals	-38,940.00	-1,090.09	-40,030.09
Transfers	0.00	11,445.17	11,445.17
Accumulated amortisation Dec. 31, 2006	4,450,784.70	2,026,802.43	6,477,587.13
Carrying amounts Dec. 31, 2006	6,400,926.86	4,086,448.51	10,487,375.37

In addition to acquired software and rights, the item “other intangible assets” includes other intangible assets, such as trademark rights, distribution rights, orders on hand and customer relations, identified in the allocation of the purchase price in connection with acquisitions under IFRS 3 with a carrying amount of EUR 9,479,884.03 (prior year: EUR 3,649,697.66).

Impairment resulted due to the reasons outlined under goodwill and is broken down as follows:

	EUR
BRAIN FORCE Software GmbH, Munich, Germany – Segment DE, CGU Network, Communication and Security Solutions	985,000.00
BRAIN FORCE B.V., Veenendaal, Netherlands (formerly VAI B.V.) – Segment DE	689,000.00
BRAIN FORCE B.V., Veenendaal, Netherlands (formerly VAI B.V.) – Segment CEE	45,650.00
BRAIN FORCE B.V., Veenendaal, Netherlands (formerly VAI B.V.) – Segment SWE	134,850.00
BRAIN FORCE Frankfurt GmbH, (formerly SYSTEAM) – Segment DE, TI division	475,475.00
BRAIN FORCE Frankfurt GmbH, (formerly SYSTEAM) – Segment DE, ES division	761,500.38
	3,091,475.38

With regard to the underlying assumptions, we refer to the presentation of the goodwill (note 31).

(33) Investments in associates

The investments in associates, which are recognised according to the equity method changed as follows:

	2007	2006
	EUR	EUR
Carrying amount Jan. 1	536,857.43	403,880.80
Addition due to acquisition	0.00	583,278.65
Distribution	0.00	-137,840.58
Profit share after taxes	-13,063.34	406,554.38
Elimination of intragroup transactions	-12,044.78	-12,286.69
Impairment charge	-500,283.06	0.00
Disposal	0.00	-706,729.13
Carrying amount Dec. 31	11,466.25	536,857.43

The carrying amount at the beginning of the financial year relates to the 30 percent share in KEMP Technologies Inc., New York, USA, held by BRAIN FORCE HOLDING AG, as well as the 25 percent share in CONSULTING CUBE s.r.l., Bologna, Italy, held by BRAIN FORCE S.p.A., Milan, Italy.

Based on the available information and assessment of the future development, a need for impairment was established and recognised in the result in the financial year 2007 regarding the share in KEMP Technologies Inc. Thus, the carrying amount of the share in KEMP is EUR 0 as of December 31, 2007. The carrying amount of investments in associates reported in these consolidated financial statements relates exclusively to the 25 percent share in CONSULTING CUBE s.r.l., Italy.

The financial data of the company reported as associate at the balance sheet date are as follows:

	EUR
Assets	203,704.00
Liabilities	157,839.00
Net sales	407,308.00
Result for the period	12,359.00

(34) Financial assets

Financial assets changed as follows:

	Securities
	EUR
Carrying amount Jan. 1, 2007	183,283.32
Addition	1,003.60
Adjustment to fair value	-4,505.98
Carrying amount Dec. 31, 2007	179,780.94

The securities are shares in investment funds, which are classified as available for sale and carried at fair value (stock market price at the balance sheet date).

(35) Deferred taxes

Deferred tax assets are recognised under other non-current assets, deferred tax liabilities are included in non-current liabilities.

Deferred taxes are calculated as follows:

	Jan. 1, 2007	Currency translation	Addition due to acquisition	Change in income statement	Dec. 31, 2007
	EUR	EUR	EUR	EUR	EUR
Deferred tax assets					
Provisions for post-employment benefits	150,784.64	0.00	0.00	-16,138.88	134,645.76
Tax loss carryforwards	5,974,564.49	-2,373.87	0.00	-2,500,880.21	3,471,310.41
Other	377,364.32	0.00	0.00	-116,399.16	260,965.16
	6,502,713.45	-2,373.87	0.00	-2,633,418.25	3,866,921.33
Deferred tax liabilities					
Development costs and other intangible assets	2,021,732.87	0.00	0.00	-1,248,237.61	773,495.26
Other non-current assets	1,397,708.82	0.00	2,157,999.00	-960,849.74	2,594,858.08
Receivables	147,885.79	0.00	0.00	184,237.81	332,123.60
Other	54,404.49	0.00	0.00	45,321.27	99,725.76
	3,621,731.97	0.00	2,157,999.00	-1,979,528.27	3,800,202.70

	Jan. 1, 2006	Currency translation	Addition due to acquisition	Change in income statement	Dec. 31, 2006
	EUR	EUR	EUR	EUR	EUR
Deferred tax assets					
Provisions for post-employment benefits	137,573.54	0.00	0.00	13,211.10	150,784.64
Tax loss carryforwards	3,882,445.40	-3,469.63	50,590.00	2,044,998.72	5,974,564.49
Other	242,795.72	0.00	0.00	134,568.60	377,364.32
	4,262,814.66	-3,469.63	50,590.00	2,192,778.42	6,502,713.45
Deferred tax liabilities					
Development costs and other intangible assets	2,596,730.55	0.00	0.00	-574,997.68	2,021,732.87
Other non-current assets	84,180.90	0.00	1,125,957.00	187,570.92	1,397,708.82
Receivables	390,407.85	0.00	0.00	-242,522.06	147,885.79
Other	254,474.26	0.00	1,359.00	-201,428.77	54,404.49
	3,325,793.56	0.00	1,127,316.00	-831,377.59	3,621,731.97

Deferred tax assets and deferred tax liabilities are netted and shown in the balance sheet as assets or liabilities provided that the company has an enforceable right to offset actual tax refund claims against actual tax liabilities and that the deferred tax assets and tax liabilities relate to income taxes levied by the same financial authority.

The following amounts were shown in the consolidated balance sheet after netting:

	2007	2006
	EUR	EUR
Deferred tax assets	2,628,433.11	4,768,958.28
Deferred tax liabilities	-2,561,714.48	-1,887,976.80
Carrying amount Dec. 31	66,718.63	2,880,981.48

Within the next 12 months a realisation of deferred tax assets is expected in the amount of EUR 759,582.90 and a settlement of deferred tax liabilities in the amount of EUR 1,025,439.56.

Deferred tax assets are recognised for loss carryforwards to the extent that it is probable that future taxable profit will be available against which they can be utilised. In assessing the probability, estimates are based on the available budgeted figures.

Thus, no deferred tax assets have been recognised in the Group for unused tax losses that can be carried forward for an unlimited period of time, nor for deductible differences:

Dec. 31, 2007	Basis	Deferred tax claim
	EUR	EUR
Tax loss carryforwards	76,063,991.89	22,641,839.93
Deductible temporary differences	5,938,020.36	1,484,505.09
	82,002,012.25	24,126,345.02

Dec. 31, 2006	Basis	Deferred tax claim
	EUR	EUR
Tax loss carryforwards	61,346,305.13	21,757,466.88
Deductible temporary differences	2,056,809.24	514,202.31
	63,403,114.37	22,271,669.19

The amount of deductible differences mainly relates to write-downs made in previous years, which have to be allocated for tax purposes on a systematic basis over 7 years.

(36) Inventories

Inventories are measured at acquisition or production cost. A write-down to the net realisable value was not necessary in the financial years.

Inventories comprise the following items:

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Work in progress	12,743.50	229,800.17
Goods for resale	255,790.96	107,813.08
	268,534.46	337,613.25

(37) Trade receivables

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Trade receivables already invoiced	27,184,992.32	24,341,282.91
Less allowance for doubtful accounts	-2,217,338.54	-1,843,404.53
Trade receivables not yet invoiced	2,673,303.38	3,080,263.19
Receivables from construction/service contracts	527,746.10	273,837.34
	28,168,703.26	25,851,978.91

Adequate allowances were made to account for the estimated risk of default on receivables, which developed as follows:

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Balance Jan. 1	1,843,404.53	150,639.05
Addition due to acquisition	7,230.00	30,676.95
Utilisation	-29,569.91	-103,815.82
Reversal	-56,945.77	-405.00
Allocation	453,219.69	1,766,309.35
Balance Dec. 31	2,217,338.54	1,843,404.53

The following trade receivables that were not written down are overdue at the balance sheet date:

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Up to 30 days	3,838,656.86	3,440,775.33
More than 30 days	3,183,479.52	3,703,295.16
	7,022,136.38	7,144,070.49

The total of costs incurred and revenues recognised for projects underway at the balance sheet date amounts to EUR 1,287,454.78 (prior year: EUR 324,189.06). Prepayments received amount to EUR 62,336.00 (prior year: EUR 50,351.72).

(38) Other receivables and assets

Other receivables and assets comprise the following items:

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Non-current:		
Deposits	84,741.81	116,046.47
Convertible bond	611,208.00	682,596.00
Other	54,961.12	27,129.45
	750,910.93	825,771.92
Current:		
Prepayments	51,056.80	157,139.30
Revenue authorities	266,650.13	156,059.86
Maintenance contracts and other prepaid expenses	892,353.76	774,862.65
Receivable BHW Lebensversicherung AG	0.00	583,318.99
Other	428,588.06	463,476.81
	1,638,648.75	2,134,857.61

Simultaneously with the conclusion of the purchase agreement on the acquisition of shares in KEMP Technologies Inc, New York, USA, a convertible bond issued by KEMP in 2005 in the amount of USD 900,000 was underwritten. The bond matures at June 30, 2009, carries 12 percent interest and is securitised.

With regard to interest compensation, the BRAIN FORCE Group is entitled to cash payments or increases in the amount of the bond held. As long as the other shareholders of KEMP agree, BRAIN FORCE can also opt to be compensated by a corresponding issue of additional shares.

The partial, also complete conversion right into "preferred shares series A" in the amount of the outstanding nominal capital of the bond including accumulated interest not paid out in cash or in shares, according to contract existed for the first time at December 31, 2006 under the condition that KEMP after December 31, 2005 reaches a positive EBIT for the entire financial year. The issue of new shares is not possible, if the shares to be issued under the convertible senior security note exceeded 25 percent of the outstanding capital of KEMP Technologies Inc. at September 30, 2005. If BRAIN FORCE HOLDING AG decides to convert its shares, KEMP Technologies Inc. will be entitled to pay in cash up to 50 percent of the shares to be issued to BRAIN FORCE HOLDING AG and 100 percent of the outstanding interest.

As the options of BRAIN FORCE stipulated in the agreement and the probability of avoiding the occurrence of the state to be created as a result of the execution of the option cannot be measured reliably by KEMP, the option was not recognised in the balance sheet.

The convertible bond is recognised at cost at the balance sheet date and is measured at the exchange rate prevailing at the balance sheet date.

(39) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Cash in hand	12,991.24	11,679.39
Cash at bank	9,427,951.27	13,522,157.33
	9,440,942.51	13,533,836.72

Cash and cash equivalents recognised at December 31, 2007 are unrestricted (prior year: EUR 329,912.62 restricted).

(40) Equity

The share capital amounts to EUR 15,386,742 (EUR 15,386,742) and is divided into 15,386,742 individual no-par value bearer shares.

The shares of the Company are listed in the Prime Market segment of the Vienna Stock Exchange and in the Prime Standard segment of the Regulated Market in Frankfurt am Main, Germany.

On January 29, 2008 the Company filed an application for the revocation of the listing of the shares of BRAIN FORCE HOLDING AG on the Regulated Market at the Frankfurt Stock Exchange. By resolution dated February 13, 2008 the application of the Company was approved. The revocation of the listing of the shares on the Regulated Market at the Frankfurt Stock Exchange will enter into effect after May 13, 2008.

At the balance sheet date the authorised capital amounts to EUR 7,693,371 (prior year: EUR 7,693,371).

The development of share capital and reserves is shown in the table below:

	Share capital	Reserves
	EUR	EUR
Balance Jan. 1, 2007	15,386,742.00	24,475,469.55
Used to cover losses	0.00	-9,162,972.80
Other changes	0.00	-51,993.83
Balance Dec. 31, 2007	15,386,742.00	15,260,502.92

	Share capital	Reserves
	EUR	EUR
Balance Jan. 1, 2006	10,257,828.00	15,641,836.12
Capital increase by cash contribution in accordance with a resolution by the Management Board dated March 16, 2006, authorised on June 18, 2004 at the general meeting and approved by the Supervisory Board on March 16, 2006, registration in the commercial register on April 6, 2006	5,128,914.00	10,770,719.40
Transaction costs related to the increase in share capital	0.00	-1,811,772.57
Net income recognised directly in equity	0.00	-125,313.40
Balance Dec. 31, 2006	15,386,742.00	24,475,469.55

Other reserves comprise the following items at the respective balance sheet date:

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Fair value reserve for securities	-6,508.22	-2,002.24
Reserve for currency translation differences	-269,009.26	-273,132.24
	-275,517.48	-275,134.48

In the financial year 2007 968,625 own shares with a nominal value of EUR 3,032,962.24 were purchased at a price of between EUR 2.82 and EUR 3.93 per share. Subsequently, the total portfolio of own shares, i.e. 1,009,384 shares, measured at acquisition cost of EUR 3,167,699.64 were transferred. Since the fair value of the own shares was EUR 3,116,088.81 at the time of the transaction, the negative difference in the amount of EUR 51,610.83 was offset against the capital reserve.

The 1,009,384 own shares transferred were used to pay part of the purchase price in connection with the acquisition of SolveDirect.com Internet-Service GmbH, Vienna.

(41) Provisions for post-employment benefits

Provisions for post-employment benefits are broken down as follows:

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Provisions for pensions	77,590.00	148,827.00
Provisions for severance payments	383,780.00	410,030.00
Provisions for severance payments (TFR)	2,097,998.92	3,322,669.73
	2,559,368.92	3,881,526.73

Provisions for pensions

Due to individual arrangements, some employees were promised an additional pension after their retirement. The amount of this pension basically depends on the defined benefit plan.

The values recognised for provisions for pensions at the balance sheet dates are computed by actuaries based on the projected unit credit method and are broken down as follows:

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Actuarial present value of defined benefit obligation	199,245.00	479,615.00
Fair value of plan assets	-137,786.00	-294,969.00
	61,459.00	184,646.00
Unrecognised actuarial gains/losses	16,131.00	-35,819.00
Liability in the balance sheet	77,590.00	148,827.00

The plan assets pursuant to IAS 19 consist of the insurance cover for the pension commitments pledged in favour of employees. No expected incomes from the plan assets are shown.

The development of the actuarial present value of the defined benefit obligations is as follows:

	2007	2006
	EUR	EUR
Balance Jan. 1	479,615.00	575,315.00
Current service cost	14,967.12	47,840.00
Interest expense	15,885.88	21,352.00
Actuarial (gains)/losses	-36,030.00	-49,377.00
Plan curtailments/settlements	-275,193.00	-115,515.00
Balance Dec. 31	199,245.00	479,615.00

The development of the fair value of plan assets is as follows:

	2007	2006
	EUR	EUR
Balance Jan. 1	294,969.00	233,101.00
Actuarial gains/(losses)	-1,361.00	350.00
Effects of plan curtailments/settlements	-214,604.92	0.00
Paid contributions	58,782.92	61,518.00
Balance Dec. 31	137,786.00	294,969.00

The expense recognised in the income statement concerning defined benefit obligations comprises the following:

	2007	2006
	EUR	EUR
Current service cost	14,967.12	47,840.00
Interest expense	15,885.88	21,352.00
Amortisation of actuarial gains	0.00	6,810.52
Effects of plan curtailments/settlements	-43,307.08	-57,898.00
	-12,454.08	18,104.52

The interest expense is recognised in the financial result. Thus the expenses for defined benefit obligations recognised in personnel expenses amount to EUR -28,339.96 (prior year: TEUR -3).

The basic actuarial assumptions are as follows:

	2007	2006
Interest rate	5.25%	4.75%
Future salary increases	3%	3%
Future pension increases	2%	2%
Pensionable age	60, 62 years	60-62, 65 years
Mortality tables - Austria	-	AVÖ 1999-P, employees
- Germany	Heubeck 2005	Heubeck 2005

In addition to defined benefit obligations, fixed contributions are paid to a pension fund for some employees in Austria due to pension commitments; the payments made by the company are recognised in accordance with IAS 19 as contributions to defined contribution plans.

Total pension costs comprise the following:

	2007	2006
	EUR	EUR
Pension costs – defined benefit plan	-28,339.96	-3,247.48
Pension costs – defined contribution plan	64,676.60	28,951.00
	36,336.64	25,703.52

Provisions for severance payments (Austria)

The values of the provisions for severance payments were computed in the same way as the provisions for pensions:

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Actuarial present value of defined benefit obligation	308,750.00	460,641.00
Unrecognised actuarial gains/losses	75,030.00	-50,611.00
Liability in the balance sheet	383,780.00	410,030.00

The development of the provision recognised in the balance sheet is as follows:

	2007	2006
	EUR	EUR
Balance Jan. 1	410,030.00	384,729.00
Addition due to change in consolidated group	69,274.00	0.00
Expenses for severance payments	75,460.25	70,264.57
Payments of severance payments	-170,984.25	-44,963.57
Balance Dec. 31	383,780.00	410,030.00

The expense recognised in the income statement includes the following:

	2007	2006
	EUR	EUR
Current service cost	51,769.00	48,942.00
Interest expense	21,787.00	19,731.00
Amortisation of actuarial losses	1,904.25	1,591.57
	75,460.25	70,264.57

The interest expense is recognised in the financial result. Thus the expenses for defined benefit obligations recognised in personnel expenses amount to EUR 53,673.25 (prior year: TEUR 51).

The basic actuarial assumptions are as follows:

	2007	2006
Interest rate	5.25%	4.75%
Future salary increases	3%	3%
Average labour turnover	Age-related	Age-related
Pensionable age	According to pension reform 2004	According to pension reform 2004
Mortality tables	AVÖ 1999-P, employees	AVÖ 1999-P, employees

Provisions for severance payments (TFR)

In the financial year 2007, the values of provisions for severance payments (TFR) were computed in the same way as the provisions for pensions. The balance recognised at December 31, 2007 amounting to EUR 2,097,998.92 corresponds to the actuarial net present value of the obligation for severance payments (defined benefit obligation).

The development of the provision recognised in the balance sheet is as follows:

	2007	2006
	EUR	EUR
Balance Jan. 1	3,322,669.73	3,204,705.08
Expenses for severance payments	-211,957.08	649,816.47
Payments of severance payments	-1,012,713.73	-531,851.82
Balance Dec. 31	2,097,998.92	3,322,669.73

The expense recognised in the income statement includes the following:

	2007	2006
	EUR	EUR
Current service cost	18,892.00	503,874.00
Interest expense	115,932.00	118,090.00
Income due to plan change	-319,707.00	0.00
Recognition of actuarial gains/losses	-27,074.08	27,852.47
	-211,957.08	649,816.47

The interest expense is recognised in the financial result. Thus the expenses for defined benefit obligations recognised in personnel expenses amount to EUR -8,182.08 (prior year: EUR 531,726.47).

The basic actuarial assumptions are as follows:

	2007	2006
Interest rate	5.0%	4.5%
Future salary increases	3.0%	3.0%
Inflation	2%	2%
Labour turnover	12.5%	12.5%
Pensionable age	65 years	65 years
Mortality tables	ISTAT 2002	ISTAT 2002

(42) Financial liabilities

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Non-current:		
Loan	11,308,021.58	547,814.99
Current:		
Loan	425,499.74	156,519.74
Bank overdrafts	4,238,966.88	1,842,638.25
	4,664,466.62	1,999,157.99

Non-current financial liabilities include a bonded loan in the amount of EUR 10 million taken out in the financial year 2007. The bullet loan carries an interest rate of 5.17 percent and matures in March 2014.

Interest on other loans is currently charged at 4.85 percent and on overdrafts at 5 to 9.5 percent (2006: 4.75 to 8.75 percent).

At the balance sheet date, the Group had committed credit lines amounting to a total of EUR 7.485 million.

The fair value of the loan amounts to EUR 11,505,165.57 at the balance sheet date (prior year: EUR 689,852).

(43) Trade payables

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Trade payables already invoiced	6,412,185.37	6,585,788.71
Advance payments from customers	1,391,133.47	771,742.19
Trade payables not yet invoiced	1,977,528.71	1,162,967.48
	9,780,847.55	8,520,498.38

(44) Other liabilities

Other liabilities include the following:

	Dec. 31, 2007	Dec. 31, 2006
	EUR	EUR
Non-current:		
Other	73,605.20	27,449.07
Current:		
Taxes	2,859,286.08	2,480,015.00
Social security contributions	1,451,811.99	1,405,045.21
Holiday entitlements and overtime payables	1,763,086.30	1,770,199.52
Bonuses	933,445.23	789,608.14
Payroll-accounting	2,021,472.01	1,437,072.13
Deferred income from maintenance contracts	2,082,443.29	1,487,156.74
Other	1,095,038.17	1,158,644.42
	12,206,583.07	10,527,741.16

(45) Tax provisions

Balance Jan. 1, 2007	Utilisation	Addition due to acquisition	Allocation/Reversal	Balance Dec. 31, 2007
EUR	EUR	EUR	EUR	EUR
1,698,344.33	-1,441,233.10	14,000.00	491,127.96	762,239.19

(46) Other provisions

	Balance Jan. 31, 2007	Utilisation	Reclassification	Reversal	Addition due to acquisition	Allocation	Balance Dec. 31, 2007
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Non-current							
Outstanding purchase price obligations from the acquisition of shares	3,155,240.00	0.00	-1,666,042.20	-975,163.05	0.00	955,004.25	1,469,039.00
Contingent losses	0.00	0.00	0.00	0.00	0.00	74,854.00	74,854.00
Other	0.00	0.00	0.00	0.00	0.00	59,610.00	59,610.00
	3,155,240.00	0.00	-1,666,042.20	-975,163.05	0.00	1,089,468.25	1,603,503.00
Current							
Outstanding purchase price obligations from the acquisition of shares	1,225,302.00	-1,211,347.20	1,666,042.20	-1,398,672.56	0.00	2,052,962.56	2,334,287.00
Guarantee	16,000.00	-45,689.59	0.00	0.00	29,689.59	0.00	0.00
Contingent losses	0.00	0.00	0.00	0.00	0.00	135,351.00	135,351.00
Other	0.00	0.00	0.00	0.00	0.00	87,000.00	87,000.00
	1,241,302.00	-1,257,036.79	1,666,042.20	-1,398,672.56	29,689.59	2,275,313.56	2,556,638.00

The outstanding purchase price obligations from the acquisition of shares at January 1, 2007 relate to BRAIN FORCE B.V., Veenendaal, Netherlands, EUR 1,211,347.20 of which was used and EUR 2,373,835.61 was reversed against goodwill due to changes in plan assumptions. The allocation primarily relates to the acquisition of SolveDirect.com Internet-Service GmbH, Vienna.

Notes on individual items of the consolidated cash flow statement

The cash flow statement was prepared using the indirect method.

It illustrates the change in cash and cash equivalents in the Group resulting from cash inflows and outflows over the reporting period, divided into cash flow from operating, investing and financing activities.

(47) Cash flow from operating activities

The cash flow from operating activities, based on the result before taxes adjusted for non-cash expenses/income, after changes of funds tied up in working capital and after deduction of paid interest (netted against interest received), dividends received and income taxes, illustrates the inflow/outflow of cash and cash equivalents from operating activities.

(48) Cash flow from investing activities

This section shows all cash inflows and outflows relating to additions to and disposals of property, plant and equipment, intangible assets and financial investments, as well as financial assets.

The cash flow from the acquisition of subsidiaries is broken down as follows:

	EUR
Acquisition SolveDirect.com Internet-Service GmbH, Vienna (note 52)	5,236,349.60
Settlement variable purchase price obligation BRAIN FORCE B.V. (formerly VAI B.V.), Veenendaal, Netherlands	1,212,733.20
Subsequent acquisition costs from the acquisition of minority interests in Brain Force Financial Solutions AG, Munich, Germany	465,586.21
Incorporation BRAIN FORCE Inc., New York, USA	15,064.78
	6,929,733.79

(49) Cash flow from financing activities

This section shows all cash inflows and outflows relating to equity and debt financing.

(50) Fund of cash and cash equivalents

The fund of cash and cash equivalents includes cash in hand and at bank, as long as they are available at short notice and unrestricted.

Thus, the fund of cash and cash equivalents is derived from the amount recognised in the balance sheet as follows:

	2007	2006
	EUR	EUR
Cash and cash equivalents according to balance sheet	9,440,942.51	13,533,836.72
Cash at bank, restricted	0.00	-329,912.62
Fund of cash and cash equivalents	9,440,942.51	13,203,924.10

Other disclosures

(51) Segment information

Due to the strong international focus of the Group, the management of the BRAIN FORCE Group decided to adjust the primary segments to the regional markets. As of the beginning of the financial year 2007, the following regions and countries were defined, with the location of the assets determining this allocation:

- ▶ Germany region
- ▶ Central and Eastern Europe region with Austria, Czech Republic, Slovakia and further Eastern European countries
- ▶ South West Europe region with Italy, Switzerland
- ▶ North Europe region with the Netherlands, Belgium, Luxembourg

For the secondary reporting format the following business segments are defined:

- ▶ Enterprise Services
- ▶ Business Solutions
- ▶ Technology and Infrastructure

The Enterprise Services (ES) segment offers the experience and know-how of its IT and TK specialists in the form of temporary consulting and service assignments. Such assignments cover all project phases from planning over realisation, test and integration to the actual operation. The scope of the services offered includes: consulting, programming, infrastructure, integration, migration, rollout, operation, support und maintenance.

The Business Solutions (BS) segment offers products and project services for the support and optimisation of business processes. The BS segment comprises the following competence centres: outsourcing solutions, financial solutions und enterprise solutions.

The Technology and Infrastructure (TI) segment of the BRAIN FORCE Group offers solutions for an efficient IT management and optimised ITK networks including security. The TI segment comprises the following competence centres: Infrastructure Solutions, Communication Solutions and Security.

a) Geographical segments

The ratios for the financial year 2007 and the prior year are as follows:

Ratios by geographical segment 2007	Region Germany	Region Central and Eastern Europe	Region South West Europe	Region North Europe	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	46,778,152.29	14,780,004.06	27,332,922.16	9,442,178.05	0.00	98,333,256.56
Segment operating result before segment depreciation and amortisation (EBITDA)	263,591.33	911,078.30	2,172,682.98	1,052,643.35	-4,053,967.02	346,028.94
Segment depreciation and amortisation	-11,771,781.73	-1,089,879.64	-1,308,218.95	-2,789,683.50	-69,527.70	-17,029,091.52
Segment operating result	-11,508,190.40	-178,801.34	864,464.03	-1,737,040.15	-4,123,494.72	-16,683,062.58
Financial result						-713,405.91
Share in profit of associates					-513,346.40	-513,346.40
Result before income taxes						-17,909,814.89
Income taxes						-2,004,895.22
Result for the period						-19,914,710.11
Segment assets	20,859,777.35	19,494,599.26	19,278,768.17	9,346,013.02	5,363,251.83	74,342,409.63
Segment liabilities	8,258,702.09	4,892,526.14	14,099,245.94	2,270,252.66	18,556,260.78	48,076,987.61
Segment capital expenditure	1,432,161.96	14,543,936.14	602,777.74	678,594.07	43,062.18	17,300,532.09

Ratios by geographical segment 2006	Germany	Central and Eastern Europe	South West Europe	North Europe	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	42,339,347.83	10,572,111.55	26,782,007.79	8,837,709.65	0.00	88,531,176.82
Segment operating result before segment depreciation and amortisation (EBITDA)	4,766,894.84	345,169.63	2,505,636.33	1,454,613.44	-2,558,399.92	6,513,914.32
Segment depreciation and amortisation	-1,937,651.21	-135,898.63	-645,108.56	-782,967.02	-94,176.93	-3,595,802.35
Segment operating result	2,829,243.63	209,271.00	1,860,527.77	671,646.42	-2,652,576.85	2,918,111.97
Financial result						-94,702.06
Share in profit of associates	446,590.93			-40,036.55		406,554.38
Result before income taxes						3,229,964.29
Income taxes						942,883.04
Result for the period						4,172,847.33
Segment assets	34,762,600.34	3,614,753.28	18,724,638.20	15,212,538.72	9,265,022.29	81,579,552.83
Segment liabilities	8,517,337.42	2,172,798.36	12,567,204.63	1,582,894.25	8,646,816.79	33,487,051.45
Segment capital expenditure	10,219,711.58	147,664.57	629,259.16	6,157,465.52	67,197.33	17,221,298.16

b) Business segments

Ratios by business segment 2007	Enterprise Services	Business Solutions	Technology and Infrastructure	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	36,077,536.74	28,079,002.10	34,176,717.72	0.00	98,333,256.56
Segment assets	13,536,814.24	17,258,680.59	38,183,662.97	5,363,251.83	74,342,409.63
Segment capital expenditure	348,938.69	1,008,524.92	15,900,007.10	43,061.38	17,300,532.09

Ratios by business segment 2006	Enterprise Services	Business Solutions	Technology and Infrastructure	Unallocated	Total
	EUR	EUR	EUR	EUR	EUR
Segment net sales (consolidated)	34,146,917.82	26,701,501.14	27,682,757.86	0.00	88,531,176.82
Segment assets	16,499,534.76	25,476,037.51	30,338,958.27	9,265,022.29	81,579,552.83
Segment capital expenditure	6,747,392.33	1,597,226.27	8,809,482.23	67,197.33	17,221,298.16

(52) Acquisitions

On July 6, 2007 a purchase and transfer agreement was concluded on the acquisition of all shares in SolveDirect.com Internet-Service GmbH, Vienna. After June 30, 2007 the risk and chance regarding the company shares were transferred. The purchase price consists of a fixed purchase price and variable purchase price components. The fixed purchase price is paid partly in cash and partly in shares of the purchaser. SolveDirect.com Internet-Service GmbH was subsequently merged into BRAIN FORCE SOFTWARE GmbH with retroactive effect as of January 1, 2007.

In accordance with the purchase agreement, a fixed purchase price of EUR 9 million was stipulated, EUR 5,981,940 of which is payable in cash and EUR 3,116,088.81 in shares of the purchaser. If 100 percent of the target is achieved, a payment of EUR 2,000,000 (EUR 582,000 of which in shares) falls due for 2007 and EUR 1,000,000 for 2008. In case the targets are not met or exceeded, a correspondingly higher or lower amount falls due.

The purchase price, including incidental acquisition expenses amounting to EUR 71,479, is EUR 12,086,067.81.

The acquired goodwill is determined as follows:

	EUR
Purchase price	12,014,588.81
Incidental expenses	71,479.00
Total price	12,086,067.81
Less fair value of acquired net assets	-6,509,498.55
Goodwill (note 31)	5,576,569.26

In addition, the following items of assets and liabilities were acquired:

	Fair values	Carrying amounts
	EUR	EUR
Property, plant and equipment	256,064.69	256,064.69
Trademark right	8,295,717.00	0.00
Orders on hand	78,391.00	0.00
Customer relations	257,888.00	0.00
Software	15,279.12	15,279.12
Deferred tax assets	0.00	0.00
Trade receivables	683,060.64	683,060.64
Inventories	5,600.00	5,600.00
Tax receivables	155,494.50	155,494.50
Other receivables	94,811.34	94,811.34
Securities	1,003.60	1,003.60
Cash and cash equivalents	765,458.57	765,458.57
Financial liabilities	-1,080,045.33	-1,080,045.33
Provisions	-177,311.96	-177,311.96
Deferred tax liabilities	-2,157,999.00	0.00
Trade payables	-32,120.48	-32,120.48
Other liabilities	-651,793.14	-651,793.14
Fair value of acquired net assets	6,509,498.55	35,501.55

The net cash flow from the acquisition of the subsidiary is presented as follows:

	EUR
Total purchase price	12,086,067.81
Less acquired cash and cash equivalents	-765,458.57
Less outstanding purchase price and incidental costs	-2,916,560.00
Payment in own shares	-3,167,699.64
Net cash flow from acquisition	5,236,349.60

The acquired company contributed to the result of the reporting period as follows: Between July 1 to December 31, 2007 net sales in the amount of EUR 2,979,145.51 were generated and a result for the period amounting to EUR 401,468.31 was earned. At December 31, 2007 total assets amounted to EUR 11,447,358.82, liabilities to EUR 4,536,475.16. Prior to the acquisition by BRAIN FORCE HOLDING AG, the subsidiary had not prepared accounts pursuant to IFRS. Consequently, consolidated net sales and the consolidated result under the perspective as if the company had already been acquired at the beginning of the year cannot be determined at reasonable expense and are therefore not provided.

(53) Earnings per share

Earnings per share is computed by dividing the result for the period by the weighted average number of ordinary shares, adjusted for own shares held.

	2007	2006
	EUR	EUR
Result for the period attributable to the equity holders of the parent company	-19,914,710.11	4,172,847.33
Weighted average number of ordinary shares (basic and diluted)	15,386,742	14,025,199
Earnings per share (in EUR)	-1.29	0.30

The consolidated financial statements of the Company will be dealt with in the Supervisory Board Meeting on March 26, 2008 (see note 60). The proposal on profit distribution, which has to be submitted together with the report of the Supervisory Board, is subject to approval by the Ordinary General Meeting.

(54) Notes on related party transactions

The major shareholders and the Management and Supervisory Board members of BRAIN FORCE HOLDING AG as well as associates are considered related parties.

Remunerations paid to members of the Management Board in the reporting year amounted to EUR 773,547.09, the variable portion of which was EUR 140,696 (prior year: EUR 760,882.39, variable portion of which EUR 187,302). Remunerations paid to members of the Supervisory Board amounting to EUR 66,600 (prior year: EUR 63,746) were recognised in profit or loss.

In addition, expenses for severance payments and pensions for members of the Management Board in the amount of EUR -443.10 (prior year: EUR 21,486.51) were recognised in profit or loss.

Neither were any loans granted to nor guarantees given for the benefit of members of the Management and Supervisory Board.

On April 10, 2007 BRAIN FORCE HOLDING AG entered into an agreement with Maximilian Werndl and the Priority Racing Team e.u., Vienna, as partners to the contract, which gives the Company the right to act as co-sponsor for Maximilian Werndl in the Mini Challenge season 2007. The fee paid to the Priority Racing Team e.u. is EUR 12,000. The former managing director Helmut Fleischmann is owner of the registered sole proprietorship Priority Racing Team e.u.

In the financial year 2007, the Company concluded a consultancy contract with the Supervisory Board member Christian Wolff on the support, as well as planning and implementation of all investor-relations activities of the Group. A monthly fee of EUR 10,000 was agreed for the consultancy services. The consultancy contract entered into effect as of January 1, 2007 and was terminated by mutual agreement as of August 31, 2007.

By purchase and transfer agreement dated July 6, 2007 BRAIN FORCE HOLDING AG took over all shares in SolveDirect.com Internet-Service GmbH, Vienna. The purchase price was partly paid in BRAIN FORCE shares, which pursuant to the purchase and transfer agreement are subject to a gradual lockup.

In a supplemental agreement dated July 6, 2007, concluded between the sellers and BRAIN FORCE HOLDING AG, BRAIN FORCE HOLDING AG – provided that certain conditions are met – agrees to the transfer of the shares subject to the lockup to march.sixteen Finance Services LLP, London, Great Britain (M16).

In a separate agreement between the sellers and M16 the sellers undertake to assign 7.5 percent of the purchase price that the sellers receive from BRAIN FORCE HOLDING AG for the transfer of the shares in SolveDirect.com Internet-Service GmbH to M16, abandoning existing framework agreements. The 7.5 percent bonus arrangement is paid by the sellers to M16 provided that the purchase price is paid by BRAIN FORCE HOLDING AG to the existing shareholders, thus split into a fixed purchase price, earn-out 2007 and earn-out 2008 (for details see note 52).

The Supervisory Board member Christian Wolff is shareholder and general manager of M16.

In the financial year 2005 BRAIN FORCE HOLDING AG underwrote a convertible bond issued by the associate KEMP Technologies Inc., New York, USA, in the amount of USD 900,000. This convertible bond carries an interest rate of 12 percent. The financial result earned in the financial year 2007 before elimination of intragroup transactions is EUR 73,344.65 (USD 108,000) (prior year: EUR 81,911.06 (USD 108,000)).

(55) Share-based compensation

Currently, a share-based compensation plan for employees of BRAIN FORCE HOLDING AG is not in place. Consequently, neither the members of the Management Board nor of the Supervisory Board hold any option rights.

(56) Financial instruments

The financial instruments listed in the balance sheet are securities, investments, cash and cash equivalents including bank accounts, receivables and supplier credits, as well as financial liabilities. The accounting principles described for each balance sheet item are applicable to original financial instruments.

Information on financial instruments by category:

	2007	2006
	EUR	EUR
Financial assets at fair value through profit or loss		
Other receivables and assets	0.00	4,811.06
Financial assets available for sale		
Financial investments	179,780.94	183,283.32
Loans and receivables		
Trade receivables	28,168,703.26	25,851,978.91
Other receivables and assets	1,193,316.10	1,880,965.85
Cash and cash equivalents	9,440,942.51	13,533,836.72
	38,802,961.87	41,266,781.48
Financial liabilities at fair value through profit or loss	0.00	0.00
Liabilities recognised at (amortised) cost		
Financial liabilities	15,972,488.20	2,546,972.98
Trade payables	8,389,559.08	7,748,756.19
Other liabilities	5,886,646.91	5,182,973.28
	30,248,694.19	15,478,702.45

The carrying amounts and cash flows of the financial liabilities with a remaining maturity of more than one year are as follows:

Carrying amounts	2007	2006
	EUR	EUR
Non-current financial liabilities	11,308,021.58	547,814.99
Current portion	425,499.74	156,519.74
Carrying amount Dec. 31	11,733,521.32	704,334.73

Cash flows:		2007		2006	
		EUR		EUR	
2008	redemption	425,499.74	2007	redemption	156,519.74
2008	interest	596,116.16	2007	interest	32,262.44
2009	redemption	439,562.07	2008	redemption	156,519.74
2009	interest	572,774.31	2008	interest	24,671.23
2010	redemption	482,382.74	2009	redemption	156,519.74
2010	interest	548,053.09	2009	interest	17,080.02
2011	redemption	452,715.77	2010	redemption	156,519.74
2011	interest	525,820.35	2010	interest	9,488.81
2012	redemption	0.00	2011	redemption	78,255.77
2012	interest	517,000.00	2011	interest	1,897.70
after 2012 redemption		9,933,361.00	after 2011 redemption		0.00
after 2012 interest		631,888.89	after 2011 interest		0.00

Financial instruments were recognised in the income statement with the following net results:

	2007	2006
	EUR	EUR
Write-offs of and allowances for trade receivables		
Operating result, net	531,153.38	1,256,770.63
Financial assets available for sale	72,994.31	135,475.62
Loans and receivables	233,757.96	228,090.18
Liabilities recognised at (amortised) cost	-1,020,158.18	-458,267.86
Financial result, net	-713,405.91	-94,702.06

(57) Commitments from leasing transactions

Operating lease commitments	2007	2006
	EUR	EUR
Not later than one year	3,678,765.76	2,860,104.80
Later than 1 and not later than 5 years	8,163,413.89	6,290,439.31
Later than 5 years	4,790,428.40	5,006,445.00

(58) Notes on employees

	Average		At Dec. 31	
	2007	2006	2007	2006
Number of employees (salaried)	854	802	863	843

(59) Events after the balance sheet date

On January 29, 2008 the Company filed an application for the revocation of the listing of the shares of BRAIN FORCE HOLDING AG on the Regulated Market at the Frankfurt Stock Exchange. By resolution dated February 13, 2008 the application of the Company was approved. The revocation of the listing of the shares on the Regulated Market at the Frankfurt Stock Exchange will enter into effect after May 13, 2008.

On January 31, 2008 Unternehmens Invest Aktiengesellschaft, Vienna, announced its intention to make a takeover bid to the shareholders of BRAIN FORCE HOLDING AG through BF Informationstechnologie-Beteiligungsgesellschaft m.b.H., Wels, in which Unternehmens Invest Aktiengesellschaft and CROSS Industries AG, Wels, together hold the majority of the shares. Subsequently, BF Informationstechnologie-Beteiligungsgesellschaft m.b.H. announced in mid-February 2008 that it had acquired additional shares in BRAIN FORCE HOLDING AG and concluded a voting trust agreement subject to a condition precedent with BEKO HOLDING AG, Vienna, which is why – in case the voting trust agreement is not prohibited by the antitrust authority – it will make a mandatory offer pursuant to the Austrian Takeover Act. The mandatory offer had not been published at the reporting date.

No further material events to be reported occurred after the balance sheet date.

(60) Authorisation for issue

These consolidated financial statements were prepared, signed and authorised for issue by the Management Board at the date indicated below. The separate financial statements of the parent company, which after the adoption of the applicable accounting standards were also included in the consolidated financial statements, will be submitted to the Supervisory Board for review and regarding the separate financial statements also for adoption on March 26, 2008. The Supervisory Board and, in case of submittal to the general meeting, the shareholders can change these separate financial statements in a way which might also affect the presentation of the consolidated financial statements.

Members of the Management and Supervisory Boards

The following persons served on the Management Board in the financial year 2007:

- ▶ Günter Pridt, Vienna, Chairman, appointed Interim Chairman on September 4, 2007 pursuant to Section 90 (2) AktG with individual power of representation; since September 27, 2007 Chairman with individual power of representation, entered in the commercial register on December 19, 2007
- ▶ Helmut Fleischmann, Kitzbühel, recalled as Chairman on September 4, 2007, deleted from the commercial register on September 26, 2007
- ▶ Wolfgang Lippert, Langenzersdorf, Deputy-Chairman until October 31, 2007, deleted from the commercial register on November 14, 2007

The following persons served on the Supervisory Board in the financial year 2007:

- ▶ Dr. Christoph Senft, Angerberg, Chairman (since June 12, 2003; term of office until the end of the ordinary general meeting which decides on the financial year 2009)
- ▶ Günter Pridt, Vienna, Deputy Chairman (since April 14, 2005; term of office until September 4, 2007)
- ▶ Mag. Wolfgang M. Hickel, Vienna (since June 14, 2000; term of office until the end of the ordinary general meeting which decides on the financial year 2007)
- ▶ Mag. Christian Schamburek, Brunn am Gebirge (since June 11, 2003; term of office until the end of the ordinary general meeting which decides on the financial year 2011)
- ▶ Christian Wolff, Switzerland (since April 14, 2005; term of office until the end of the ordinary general meeting which decides on the financial year 2008)
- ▶ Prof. Ing. Peter Kotauczek, Breitenbrunn am Neusiedler See (since December 22, 2006; term of office until the end of the ordinary general meeting which decides on the financial year 2009)

Vienna, March 14, 2008

The Management Board:

signed:



Günter Pridt

Auditor's Report (Report of the independent auditor)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BRAIN FORCE HOLDING AG, Vienna, for the financial year from January 1 to December 31, 2007. These consolidated financial statements comprise the consolidated balance sheet as at December 31, 2007, the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the year ended December 31, 2007, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing (ISA), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

Our audit did not give rise to any objections. Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of December 31, 2007 and of its financial performance and its cash flows for the financial year from January 1 to December 31, 2007 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Report on the Group Management Report

Laws and regulations applicable in Austria require us to perform audit procedures whether the group management report is consistent with the consolidated financial statements and whether the other disclosures made in the group management report do not give rise to misconception of the position of the group.

In our opinion, the group management report is consistent with the consolidated financial statements.

Vienna, March 14, 2008

PwC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Mag. Dr. Aslan Milla
Austrian Certified Public Accountant

Jahresabschluss 2007 der BRAIN FORCE HOLDING AG

- ▶ Lagebericht
- ▶ Bilanz
- ▶ Gewinn- und Verlustrechnung
- ▶ Anhang

BRAIN FORCE HOLDING AG, Wien

Lagebericht 2007

Bericht über die wirtschaftliche Lage und den Geschäftsverlauf

Wirtschaftliche Lage

Der Internationale Währungsfonds (IWF) hat angesichts der anhaltenden Turbulenzen auf den Finanzmärkten seine Wachstumsprognose 2008 für den Euroraum deutlich gesenkt. Er reduzierte seine Aussichten auf 1,6 Prozent und damit die Erwartungen vom Herbst 2007 um 0,5 Prozentpunkte. Auch in Deutschland, den für BRAIN FORCE wichtigsten und umsatzstärksten Markt, wurde die Konjunkturprognose gesenkt und liegt jetzt bei 1,5 Prozent nach 1,9 Prozent. Dieser Schritt entspricht auch der Prognose der EU-Kommission, die ebenfalls ihre Erwartungen von 2,2 Prozent auf nunmehr 1,8 Prozent zurücknahmen. Vor allem für Deutschland geht die Kommission von einem kräftigen Rückschritt aus. So sei die Konjunkturprognose der EU mit 1,6 Prozent zwar leicht höher als die der IWF, jedoch erwartete sie noch bei ihrer Herbstprognosen einen Anstieg von 2,1 Prozent.

Weiterhin Garant für Wachstum sind Anbieter von Informationstechnik und Telekommunikation (ITK). Sie gehen mit hohen Erwartungen in das Jahr 2008. Laut der BITKOM-Konjunkturumfrage von Dezember 2007 rechnen 78 Prozent der Unternehmen mit steigenden Umsätzen, 16 Prozent erwarten stabile Erlöse und nur 6 Prozent ein Umsatzminus. Die besten Aussichten haben Software-Anbieter und IT-Dienstleister. Von den befragten Software-Firmen erwarten 85 Prozent im Jahr 2008 steigende Umsätze, etwas mehr als drei Viertel rechnen zudem mit höheren Erträgen als im Vorjahr. Zu den Wachstumstreibern im Bereich Software- und IT-Services zählen vor allem BRAIN FORCE-Kernthemen wie Virtualisierung, Software as a Service und Outsourcing.

Vor diesem Hintergrund ist der Geschäftsverlauf der BRAIN FORCE HOLDING AG zu sehen, die als Mutterunternehmen zahlreicher verbundener Unternehmen im Euroraum agiert.

Geschäftsverlauf

Ertragslage

Die BRAIN FORCE HOLDING AG hat unter anderem als Gegenstand des Unternehmens den Erwerb, das Halten, die Verwaltung und die Verwertung von Beteiligungen sowie die geschäftsführende Verwaltung dieser Unternehmen und die Erbringung von entgeltlichen Dienstleistungen an diese Beteiligungsunternehmen. Die entgeltlich erbrachten Dienstleistungen gegenüber den Beteiligungsunternehmen werden in den Umsatzerlösen ausgewiesen.

Die nachfolgende Aufstellung zeigt die Aufgliederung der wesentlichen Posten der Gewinn- und Verlustrechnung:

	2007	2006
	TEUR	TEUR
Umsatzerlöse	921	1.239
Sonstige betriebliche Erträge	445	493
Personalaufwand	-1.538	-1.758
Sonstige betriebliche Aufwendungen	-3.882	-2.452
Beteiligungsergebnis	-6.819	4.000
Sonstiges Finanzergebnis	-373	306
Kosten der Kapitalerhöhung	0	-1.812
Auflösung von Kapitalrücklagen	9.163	0

Die Umsatzerlöse beinhalten zur Gänze Dienstleistungserträge gegenüber Beteiligungsunternehmen.

Die sonstigen betrieblichen Erträge beinhalten im Wesentlichen die Weiterverrechnung von Sachkosten an Konzerngesellschaften.

Der Personalaufwand des Geschäftsjahres 2007 reduzierte sich um 12,5 Prozent auf TEUR 1.538.

Die sonstigen betrieblichen Aufwendungen erhöhten sich um TEUR 1.430 auf TEUR 3.882. Die Erhöhung ist auf gestiegene Aufwendungen für Werbung und Sponsoring, Beratung und Personalrekrutierung zurückzuführen.

Das Beteiligungsergebnis beinhaltet Abschreibungen auf Beteiligungen in Höhe von TEUR 6.819. Die Abschreibungen betreffen die Beteiligungen an der BRAIN FORCE B.V., Niederlande (vormals VAI B.V.), BRAIN FORCE Frankfurt GmbH, Deutschland (vormals SYSTEAM Ingenieurbüro für Datenkommunikation und Informatik GmbH) und die KEMP Technologies Inc., New York, USA.

Das sonstige Finanzergebnis beinhaltet im Wesentlichen den Zinsensaldo in Höhe von TEUR -233 (Vorjahr TEUR 378). Das Finanzergebnis des Geschäftsjahres 2007 der BRAIN FORCE HOLDING AG beträgt TEUR -7.192 (Vorjahr: TEUR 4.306).

Die im Zusammenhang mit der durchgeführten Kapitalerhöhung im Geschäftsjahr 2006 entstandenen Kosten betragen TEUR 1.812. Der Jahresfehlbetrag 2007 beträgt TEUR 11.486 (Vorjahr TEUR 188).

Nach Rücklagenbewegung und unter Berücksichtigung des Ergebnisvortrages schließt die BRAIN FORCE HOLDING AG das Geschäftsjahr 2007 mit einem Bilanzergebnis von EUR 0 (Vorjahr: Bilanzgewinn TEUR 3.694).

Durch die Anzahl der im In- und Ausland gehaltenen Beteiligungen stellt die Einbeziehung der wirtschaftlichen Lage dieser Unternehmen einen wesentlichen Leistungsindikator der BRAIN FORCE HOLDING AG dar. Nachfolgende Aufstellung zeigt aussagekräftige Kennzahlen auf Konzernebene, an deren oberster Stelle die BRAIN FORCE HOLDING AG als Muttergesellschaft steht:

	2007	2006	Änderung
	TEUR	TEUR	in %
Konzernumsatz	98.333	88.531	+11,1
Konzern-EBITDA	346	6.514	-94,7
Konzern-EBIT	-16.683	2.918	-
Konzern-Periodenergebnis	-19.915	4.173	-

Das Konzernergebnis 2007 war wesentlich geprägt von notwendigen Firmenwertabschreibungen (TEUR 8.645) sowie außerplanmäßigen Abschreibungen auf immaterielle Vermögenswerte (TEUR 3.091). Aufgrund der wirtschaftlichen Entwicklung wurden Restrukturierungsmaßnahmen beschlossen, die im Geschäftsjahr 2007 zu zusätzlichen Ergebnisbelastungen führten. Bereits im 4. Quartal 2007 zeigten die Restrukturierung sowie die bewusste Fokussierung des Leistungsangebotes auf die Kernkompetenzen Wirkung. Sowohl EBITDA (TEUR 1.907), EBIT (TEUR 742) als auch das Ergebnis nach Steuern (TEUR 352) waren positiv.

Vermögens- und Finanzlage, Kapitalstruktur

Die Bilanzsumme reduzierte sich im Vorjahresvergleich um 5,4 Prozent auf TEUR 50.757 (Vorjahr TEUR 53.671). Die Veränderung ist geprägt durch die im Geschäftsjahr notwendigen Abschreibungen auf Beteiligungen sowie durch den Beteiligungserwerb der SolveDirect.com Internet-Service GmbH, Wien.

Die nachfolgende Aufstellung zeigt die wesentlichen Bilanzposten:

	31.12.2007	31.12.2006	Änderung
	TEUR	TEUR	in %
AKTIVA			
Immaterielle Vermögensgegenstände und Sachanlagen	251	340	-26,2
Finanzanlagen	45.382	42.072	+7,9
Forderungen gegenüber verbundenen Unternehmen	3.100	7.998	-61,2
Wertpapiere und Anteile	0	135	-
Kassenbestand, Guthaben bei Kreditinstituten	1.734	2.776	-37,5
PASSIVA			
Eigenkapital	34.955	47.947	-27,1
Rückstellungen	4.428	4.904	-9,7
Verbindlichkeiten gegenüber Kreditinstituten	10.511	323	>+100
Verbindlichkeiten aus Lieferungen und Leistungen	112	151	-25,8
Verbindlichkeiten gegenüber verbundenen Unternehmen	469	253	+85,4

Der Anstieg der Finanzanlagen um TEUR 3.310 zeigt im Wesentlichen den Anteilserwerb an der SolveDirect.com Internet-Service GmbH, Wien mit TEUR 12.086 sowie den Rückgang aus den vorgenommenen Abschreibungen auf Beteiligungen an der BRAIN FORCE B.V., Niederlande, und BRAIN FORCE Frankfurt GmbH, Deutschland (TEUR 6.819). Zusätzlich reduzierten sich die Anschaffungskosten der Beteiligung an der BRAIN FORCE B.V. durch Anpassungen der variablen Kaufpreisverpflichtung.

Die Forderungen gegenüber verbundenen Unternehmen beinhalten im Wesentlichen Forderungen aus den erbrachten Dienstleistungen mit TEUR 1.096 (Vorjahr TEUR 862) und eine Forderung aus unbarbarer Entnahme im Rahmen eines Umgründungsvorganges mit TEUR 1.642 (Vorjahr TEUR 2.431).

Das Eigenkapital reduzierte sich um 27,1 Prozent und beträgt zum Stichtag 31. Dezember 2007 TEUR 34.955. Der Rückgang resultiert aus dem Jahresfehlbetrag in Höhe von TEUR 11.486 (Vorjahr TEUR 188). An die Aktionäre der BRAIN FORCE HOLDING AG wurde eine Dividende in Höhe von TEUR 1.506 (Vorjahr TEUR 820) ausgeschüttet. Die Eigenkapitalquote beträgt zum Stichtag 68,9 Prozent (Vorjahr 89,3 Prozent).

Die Rückstellungen reduzierten sich um TEUR 476 auf TEUR 4.428 (Vorjahr TEUR 4.904). Im Wesentlichen sind darin Rückstellungen für offene Kaufpreisverpflichtungen aus Anteils erworben enthalten (TEUR 3.803) sowie Rückstellungen für Beratungskosten. Die offenen Kaufpreisverpflichtungen wurden auf Grundlage der aktuellen Plandaten der erworbenen Unternehmen angesetzt.

Die Verbindlichkeiten gegenüber Kreditinstituten erhöhten sich um TEUR 10.188. Die Erhöhung resultiert aus der Aufnahme eines endfälligen Darlehens in Höhe von TEUR 10.000. Das Darlehen hat eine Laufzeit bis 2014.

Die Finanzlage ist durch folgende Netto-Geldflüsse gekennzeichnet:

	2007	2006
	TEUR	TEUR
Netto-Geldfluss aus laufender Geschäftstätigkeit	30	-1.657
Netto-Geldfluss aus Investitionstätigkeit	-9.754	-11.570
Netto-Geldfluss aus Finanzierungstätigkeit	8.682	12.708
Veränderung Kassenbestand und liquide Mittel	-1.042	-519
Finanzmittelbestand zum 31.12.	1.734	2.776

Von wesentlicher Relevanz ist der Geldfluss aus Investitionstätigkeit. Dieser zeigt im Geschäftsjahr 2007 Auszahlungen für Finanzanlagen und sonstige Finanzinvestitionen in Höhe von TEUR 10.711 (Vorjahr TEUR 12.234). Demgegenüber stehen Einzahlungen aus Finanzanlagenabgang und sonstigen Finanzinvestitionen in Höhe von TEUR 999 (Vorjahr TEUR 731). Die Investitionen für immaterielle Vermögensgegenstände und Sachanlagen betragen TEUR 42 (Vorjahr: TEUR 67).

Der Geldfluss aus Finanzierungstätigkeit zeigt im Wesentlichen die Erhöhung der Finanzverbindlichkeiten. Davon entfallen TEUR 10.000 auf das langfristige Darlehen, um TEUR 188 erhöhten sich die kurzfristigen Finanzverbindlichkeiten. An Dividenden wurden TEUR 1.506 (Vorjahr: TEUR 820) ausbezahlt.

Als kapitalmarktorientiertes Unternehmen werden in weiterer Folge relevante Börsenkennzahlen dargestellt:

	2007	2006
	TEUR	TEUR
Schlusskurs (Ultimo) auf XETRA in EUR	2,40	3,15
Marktkapitalisierung (Ultimo) in EUR	36.928.181	48.468.237
Durchschnittlich gehandelte Aktien pro Tag*	51.281	51.753
Jahreshöchstkurs in EUR	3,48	3,72
Jahrestiefstkurs in EUR	1,73	2,75

* an den Börsenplätzen XETRA, Frankfurt und Wien

Wertpapierkennnummer (ISIN): AT0000820659

Börsenkürzel: BFC

Forschung und Entwicklung

Die BRAIN FORCE HOLDING AG hat im abgelaufenen Geschäftsjahr keine Forschung und Entwicklung getätigt.

Zweigniederlassungen

Die Gesellschaft verfügt über keine Zweigniederlassungen.

Ereignisse von besonderer Bedeutung nach dem Bilanzstichtag

Am 29. Januar 2008 hat die Gesellschaft den Antrag auf Widerruf der Zulassung der Aktien der BRAIN FORCE HOLDING AG zum regulierten Markt an der Frankfurter Wertpapierbörse gestellt. Mit Beschluss vom 13. Februar 2008 wurde der Antrag der Gesellschaft genehmigt. Der Widerruf der Zulassung der Aktien zum regulierten Markt an der Frankfurter Wertpapierbörse wird mit Ablauf des 13. Mai 2008 wirksam.

Am 31. Januar 2008 wurde von der Unternehmens Invest AG die Absicht veröffentlicht, durch die BF Informationstechnologie Beteiligungsgesellschaft m.b.H., an der die Unternehmens Invest AG sowie die CROSS Industries AG gemeinsam mehrheitlich beteiligt sind, ein Übernahmeangebot an die Aktionäre der BRAIN FORCE HOLDING AG zu stellen. In der Folge gab die BF Informationstechnologie Beteiligungsgesellschaft m.b.H. Mitte Februar 2008 bekannt, dass

sie weitere Aktien der BRAIN FORCE HOLDING AG erworben und mit der BEKO Holding AG einen aufschiebend bedingten Stimmbindungsvertrag geschlossen habe, weshalb sie – bei kartellrechtlicher Nichtuntersagung des Stimmbindungsvertrages – ein Pflichtangebot gemäß Übernahmegesetz stellen werde. Die Veröffentlichung des Pflichtangebotes lag zum Zeitpunkt der Berichterstattung nicht vor.

Es gab keine weiteren Vorgänge von besonderer Bedeutung, die nach dem Schluss des Geschäftsjahres eingetreten sind.

Voraussichtliche Entwicklung des Unternehmens

Welche Auswirkungen eine allfällige Übernahme der BRAIN FORCE durch die BF Informationstechnologie Beteiligungsgesellschaft m.b.H. auf die zukünftige Entwicklung haben kann ist aufgrund der noch nicht erfolgten Veröffentlichung des Übernahmenangebotes nicht einschätzbar.

Vor dem Hintergrund der bisherigen Ankündigungen der BF Informationstechnologie Beteiligungsgesellschaft m.b.H., dass BRAIN FORCE als Plattform für eine mitteleuropäische IT-Gruppe positioniert werden soll, dürfte die grundsätzliche Orientierung im Kerngeschäft aus heutiger Sicht bestehen bleiben.

BRAIN FORCE wird die Integration der zugekauften Unternehmen weiter vorantreiben, um die bestehenden Synergien zu optimieren und die Wettbewerbsfähigkeit im Markt weiter zu verbessern. Mit dem Erreichen eines positiven Konzern-EBIT im vierten Quartal des Berichtsjahres verzeichnet die Gesellschaft hierzu erste wichtige Erfolge. Dieser Trend wird sich nach heutigem Erkenntnisstand weiter fortführen, so dass der Vorstand im Geschäftsjahr 2008 ein positives operationales Ergebnis bei steigendem Umsatz erwartet.

Angaben gemäß § 243a UGB

1. Das Grundkapital setzt sich aus 15.386.742 nennwertlosen Stückaktien, welche auf Inhaber lauten, zusammen. Das Grundkapital wurde voll einbezahlt.
2. Gemäß § 4 der Satzung der BRAIN FORCE HOLDING AG hat jeder, der durch Erwerb, Veräußerung oder auf sonstige Weise 5, 10, 25, 50 oder 75 Prozent der Stimmrechte erreicht, über- oder unterschreitet, unverzüglich der Gesellschaft das Erreichen, Über- oder Unterschreiten der genannten Schwellen sowie die Höhe des Stimmrechtesanteils unter Angabe seiner Anschrift schriftlich mitzuteilen. Bis zu dieser Mitteilung, sowie für die darauf folgenden drei Monate werden die die jeweilige Grenze überschreitenden Stimmrechte nicht berücksichtigt. Dem Vorstand sind darüber hinaus keine Beschränkungen, die Stimmrechte oder die Übertragung von Aktien betreffen, bekannt.

3. Nach Kenntnis der Gesellschaft bestand per 31.12.2007 folgende direkte oder indirekte Beteiligung am Kapital, die zumindest 10 von Hundert beträgt:
Helmut Fleischmann Privatstiftung: 15,67%.
4. Es gibt keine Aktien mit besonderen Kontrollrechten.
5. Im BRAIN FORCE-Konzern gibt es keine Mitarbeiterbeteiligungsmodelle.
6. Es bestehen keine über das Gesetz hinausgehenden Bestimmungen hinsichtlich der Mitglieder des Vorstandes und des Aufsichtsrates
7. Möglichkeiten, Aktien auszugeben oder zurückzukaufen:
 - a) Genehmigtes Kapital: gemäß Beschluss der Hauptversammlung vom 11. Mai 2006 wurde der Vorstand ermächtigt, innerhalb von fünf Jahren nach Eintragung der entsprechenden Satzungsänderung im Firmenbuch das Grundkapital in einer oder mehreren Tranchen um bis zu weitere 7.693.371,- durch Ausgabe von bis zu 7.693.371 Stück neuer, auf Inhaber lautender Stammaktien (Stückaktien) gegen Bar- und/oder Sacheinlagen, und zwar jeweils mit oder ohne Ausschluss des Bezugsrechtes der Aktionäre im Fall von Bar- und/oder Sacheinlagen und/oder der Ausgabe von Aktien an Dienstnehmer der Gesellschaft und mit ihr verbundener Unternehmen, zu erhöhen und den Ausgabebetrag sowie die Ausgabebedingungen im Einvernehmen mit dem Aufsichtsrat festzusetzen. Darüber hinaus ist der Aufsichtsrat ermächtigt, Änderungen der Satzung, die sich durch die Ausgabe von Aktien aus dem genehmigten Kapital ergeben, zu beschließen.
 - b) Erwerb eigener Aktien: gemäß Beschluss der Hauptversammlung vom 9. Mai 2007 wurde unter Widerruf der in der ordentlichen Hauptversammlung vom 11. Mai 2006 dem Vorstand eingeräumten Ermächtigung zum Erwerb eigener Aktien dem Vorstand gemäß § 65 Abs. 1 Z 4 und 8 AktG gleichzeitig erneut die Ermächtigung erteilt, für die Dauer von 18 Monaten vom Tag der Beschlussfassung an eigene Aktien bis zu höchstens 10 Prozent des Grundkapitals zu erwerben, wobei der zu leistende Gegenwert den Betrag von EUR 1,- nicht unterschreiten und den Betrag von EUR 15,- nicht überschreiten darf. Die Ermächtigung kann ganz oder in mehreren Teilbeträgen und in Verfolgung eines oder mehrerer Zwecke durch die Gesellschaft, ihre Konzernunternehmen oder für deren Rechnung durch Dritte ausgeübt werden.
Der Vorstand wurde weiters ermächtigt, mit Zustimmung des Aufsichtsrates für die Veräußerung eigener Aktien eine andere Art der Veräußerung als über die Börse oder durch ein öffentliches Angebot unter Ausschluss des Bezugsrechtes der Aktionäre zu beschließen, wobei das Bezugsrecht der Aktionäre nur dann ausgeschlossen werden kann, wenn diese Aktien als Gegenleistung im Rahmen eines Erwerbes von Unternehmen, Betrieben, Teilbetrieben oder Anteilen an einer oder mehreren Gesellschaften im In- oder Ausland oder zur Bedienung von Aktienoptionen an Arbeitnehmer, leitende Angestellte und Mitglieder des Vorstandes oder Aufsichtsrates der Gesellschaft oder eines mit ihr verbundenen Unternehmens ausgegeben werden. Diese Ermächtigung kann einmal oder mehrmals ganz oder

in Teilen, einzeln oder gemeinsam ausgeübt werden und gilt für die höchste gesetzlich zulässige Dauer. Der Vorstand wurde weiters ermächtigt, die eigenen Aktien ohne weiteren Hauptversammlungsbeschluss einzuziehen. Der Vorstand hat beschlossen, von dieser Ermächtigung zur Veräußerung eigener Aktien Gebrauch zu machen. Die Veräußerung eigener Aktien begann am 31. Juli 2007 und endete am 6. August 2007. Die Veräußerung erfolgte außerhalb der Börse unter Ausschluss des Bezugsrechtes der Aktionäre, da die Gesellschaft im Rahmen des vom Aufsichtsrat bereits genehmigten Erwerbes sämtlicher Geschäftsanteile der SolveDirect.com Internet-Service GmbH einen Teil des Kaufpreises in eigenen Stückaktien geleistet hat.

8. Vereinbarungen der Gesellschaft, die bei einem Kontrollwechsel infolge eines Übernahmeangebotes wirksam werden, sich ändern oder enden, sowie deren Wirkungen werden seitens der Gesellschaft mit Ausnahme der Angaben in Punkt 9 nicht bekannt gegeben, da dies der Gesellschaft erheblich schaden würde.
9. Für den Fall einer „feindlichen“ Übernahme der Gesellschaft im Sinne des Übernahmegesetzes wurde mit jedem Vorstandsmitglied vertraglich vereinbart, dass das Vorstandsmitglied das einseitige Recht hat, jederzeit innerhalb einer Frist von zwei (2) Monaten ab dem Zeitpunkt der rechtskräftigen Übernahme der Gesellschaft per sofort und ohne weitere Frist seinen Vorstandsvertrag mit der Gesellschaft aufzulösen und sein Amt sofort niederzulegen. Die Gesellschaft hat sich verpflichtet, wenn das Vorstandsmitglied dieses vorstehende Recht ausübt, dem Vorstandsmitglied ausschließlich seine fixe Vergütung, die ihm bis zum Ende seiner Tätigkeit bei voller vereinbarter Laufzeit seines Vorstandsvertrages zustünde, in Form einer Einmalzahlung als Abfertigungszahlung innerhalb von vier Wochen ab seinem Austrittsdatum anzuweisen.

Risikoberichterstattung

Als Muttergesellschaft von im In- und Ausland ansässigen und europaweit tätigen Unternehmen sieht sich die Unternehmensführung mit übergreifenden internationalen Risiken im Zusammenhang mit Finanzierung und Wertentwicklung des Konzerns, einheitlicher Markenführung und Produktentwicklung konfrontiert. Regelmäßige Berichte durch die internationalen Führungskräfte - unter anderem über Geschäftsverlauf und Einschätzung der Entwicklung - sorgen dafür, dass bei unternehmerischen Entscheidungen Möglichkeiten und Risiken in einem ausgewogenen Verhältnis zueinander stehen und frühzeitig erkannt werden.

Zur Risikovermeidung und -bewältigung werden in den lokalen Gesellschaften Risiken bewusst nur im operativen Geschäft eingegangen und dabei immer im Verhältnis zum möglichen Gewinn analysiert. Insbesondere sind Spekulationen außerhalb der operativen Geschäftstätigkeit unzulässig. Risiken außerhalb der operativen Tätigkeit, wie finanzielle Risiken, werden von der Muttergesellschaft beobachtet und im notwendigen Maße abgesichert.

Die wichtigsten Instrumente zur Risikoüberwachung und -kontrolle sind der Planungs- und Controllingprozess, konzernweite Richtlinien sowie die laufende Berichterstattung. Bei der Überwachung und Kontrolle der wirtschaftlichen Risiken des laufenden Geschäfts kommt dem Berichtswesen eine besondere Bedeutung zu.

Im Geschäftsjahr 2007 wurde der Vorsitzende des Vorstandes, Herr Helmut Fleischmann, vorzeitig abberufen. Nachfolgend wurden beiderseits bei Gericht Klagen eingereicht, deren Ausgang noch offen ist.

Das Währungsrisiko spielt eine untergeordnete Rolle. Das Zinsänderungsrisiko wird laufend überwacht.

Das Finanzrisikomanagement wird gemäß den Vorgaben des Vorstandes zentral gesteuert. Dabei wird unter Bezugnahme auf das Liquiditätsrisiko darauf geachtet, dass laufend ausreichende flüssige Mittel bzw. Kreditlinien zur Verfügung stehen.

Umwelt- und Arbeitnehmerbelange

Aufgrund der Geschäftstätigkeit der BRAIN FORCE HOLDING AG spielen Umweltbelange eine untergeordnete Rolle.

Für die strategische Absicherung und Entwicklung des wirtschaftlichen Erfolges zeichnet maßgeblich der derzeitige Vorstand der BRAIN FORCE HOLDING AG. Eine entscheidende Rolle in der Geschäftstätigkeit nehmen auch einzelne Mitarbeiter in Schlüsselpositionen ein. Daher ist es ein erklärtes Ziel, dieses Humankapital zu halten und zu motivieren.

Wien, am 14. März 2008

Der Vorstand



gez.
Günter Pridt

BRAIN FORCE HOLDING AG

Einzelabschluss zum 31.12.2007

Bilanz zum 31.12.2007

AKTIVA	31.12.2007	31.12.2006
	EUR	TEUR
A. Anlagevermögen		
I. Immaterielle Vermögensgegenstände		
Software und Markenrechte	152.890,97	232
II. Sachanlagen		
1. Bauten auf fremdem Grund	2.774,00	0
2. andere Anlagen, Betriebs- und Geschäftsausstattung	95.389,68	108
	98.163,68	108
III. Finanzanlagen		
1. Anteile an verbundenen Unternehmen	44.739.843,68	40.774
2. Beteiligungen	0,00	583
3. Ausleihungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	609.120,00	680
4. Wertpapiere des Anlagevermögens	33.128,70	35
	45.382.092,38	42.072
	45.633.147,03	42.412
B. Umlaufvermögen		
I. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen gegenüber verbundenen Unternehmen	3.100.128,34	7.998
2. sonstige Forderungen und Vermögensgegenstände	149.492,74	261
	3.249.621,08	8.259
II. Wertpapiere und Anteile		
eigene Anteile	0,00	135
III. Kassenbestand, Guthaben bei Kreditinstituten	1.733.989,79	2.776
	4.983.610,87	11.170
C. Rechnungsabgrenzungsposten	140.359,05	89
	50.757.116,95	53.671

PASSIVA	31.12.2007	31.12.2006
	EUR	TEUR
A. Eigenkapital		
I. Grundkapital	15.386.742,00	15.387
II. Kapitalrücklagen		
gebundene	19.568.310,46	28.731
III. Rücklage für eigene Anteile	0,00	135
IV. Bilanzgewinn, davon Gewinnvortrag EUR 2.188.254,07 (Vorjahr: TEUR 3.987)	0,00	3.694
	34.955.052,46	47.947
B. Rückstellungen		
1. Rückstellungen für Abfertigungen	48.064,00	119
2. Rückstellungen für Pensionen	0,00	16
3. sonstige Rückstellungen	4.379.970,60	4.769
	4.428.034,60	4.904
C. Verbindlichkeiten		
1. Verbindlichkeiten gegenüber Kreditinstituten	10.510.875,64	323
2. Verbindlichkeiten aus Lieferungen und Leistungen	112.303,85	151
3. Verbindlichkeiten gegenüber verbundenen Unternehmen	469.045,33	253
4. sonstige Verbindlichkeiten, davon aus Steuern EUR 49.713,69 (Vorjahr: TEUR 38), davon im Rahmen der sozialen Sicherheit EUR 16.503,14 (Vorjahr: TEUR 16)	281.805,07	93
	11.374.029,89	820
	50.757.116,95	53.671
Eventualverbindlichkeiten	1.409.000,63	1.616

Gewinn- und Verlustrechnung für das Geschäftsjahr 2007

	2007	2006
	EUR	TEUR
1. Umsatzerlöse	920.807,49	1.239
2. sonstige betriebliche Erträge		
a) Erträge aus der Auflösung von Rückstellungen	79.750,45	30
b) übrige	365.007,95	463
	444.758,40	493
3. Personalaufwand		
a) Gehälter	-1.273.214,66	-1.439
b) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen	-28.001,85	-27
c) Aufwendungen für Altersversorgung	-5.105,25	-23
d) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	-233.417,32	-227
e) sonstige Sozialaufwendungen	1.480,79	-42
	-1.538.258,29	-1.758
4. Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	-131.441,43	-155
5. sonstige betriebliche Aufwendungen		
a) Steuern, soweit sie nicht unter Z 14 fallen	-32.048,40	-13
b) übrige	-3.850.207,21	-2.439
	-3.882.255,61	-2.452

	2007	2006
	EUR	TEUR
6. Zwischensumme aus Z 1 bis 5 (Betriebsergebnis)	-4.186.389,44	-2.633
7. Erträge aus Beteiligungen an verbundenen Unternehmen	0,00	4.000
8. sonstige Zinsen und ähnliche Erträge, davon aus verbundenen Unternehmen EUR 135.708,86 (Vorjahr: TEUR 163)	368.064,85	429
9. Aufwendungen aus Finanzanlagen und aus Wertpapieren des Umlaufvermögens, davon	-6.958.793,19	-72
a) Abschreibungen EUR 6.892.117,58 (Vorjahr: TEUR 72)		
b) Aufwendungen aus verbundenen Unternehmen EUR 6.250.707,13 (Vorjahr TEUR 0)		
10. Zinsen und ähnliche Aufwendungen	-600.825,49	-51
11. Zwischensumme aus Z 7 bis 10 (Finanzergebnis)	-7.191.553,83	4.306
12. Ergebnis der gewöhnlichen Geschäftstätigkeit	-11.377.943,27	1.673
13. Kosten der Kapitalerhöhung	0,00	-1.812
14. Steuern vom Einkommen und vom Ertrag, davon Steuerumlage an Gruppenmitglied EUR -108.021 (Vorjahr: TEUR 49)	-108.021,00	-49
15. Jahresfehlbetrag	-11.485.964,27	-188
16. Auflösung von Kapitalrücklagen	9.162.972,80	0
17. Auflösung von Gewinnrücklagen	134.737,40	0
18. Zuweisung zur Rücklage für eigene Anteile	0,00	-105
19. Jahresverlust	-2.188.254,07	-293
20. Gewinnvortrag aus dem Vorjahr	2.188.254,07	3.987
21. Bilanzgewinn	0,00	3.694

Anhang für das Geschäftsjahr 2007

A. Bilanzierungs- und Bewertungsmethoden

Allgemeine Grundsätze

Auf den vorliegenden Jahresabschluss zum 31. Dezember 2007 wurden die Rechnungslegungsbestimmungen des Unternehmensgesetzbuches in der per Ende des Geschäftsjahres 2007 geltenden Fassung angewandt. Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und Bilanzierung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt. Bei der Erstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit eingehalten. Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurde der Grundsatz der Einzelbewertung beachtet und eine Fortführung des Unternehmens unterstellt. Dem Vorsichtsprinzip wurde dadurch Rechnung getragen, dass nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen werden. Alle erkennbaren Risiken und drohenden Verluste wurden berücksichtigt. Die Gewinn- und Verlustrechnung wird nach dem Gesamtkostenverfahren erstellt.

Anlagevermögen

Die Bewertung der ausschließlich entgeltlich erworbenen immateriellen Vermögensgegenstände erfolgt zu Anschaffungskosten, vermindert um die der voraussichtlichen wirtschaftlichen Nutzungsdauer entsprechenden planmäßigen Abschreibungen. Die planmäßigen Abschreibungen werden linear vorgenommen.

Die Sachanlagen werden zu Anschaffungs- oder Herstellungskosten, vermindert um die planmäßigen Abschreibungen bewertet. Die planmäßigen Abschreibungen werden entsprechend der voraussichtlichen Nutzungsdauer linear vorgenommen.

Für Zugänge während der ersten Hälfte des Geschäftsjahres wird die volle Jahresabschreibung, für Zugänge während der zweiten Hälfte des Geschäftsjahres die halbe Jahresabschreibung verrechnet. Geringwertige Vermögensgegenstände des Anlagevermögens mit Einzelanschaffungswerten von bis zu EUR 400 werden im Zugangsjahr voll abgeschrieben und im Anlagenpiegel als Zugang und Abgang dargestellt. Die Finanzanlagen sind mit den Anschaffungskosten bzw. bei wesentlicher Wertminderung mit den niedrigeren Börsenkursen bzw. dem niedrigeren beizulegenden Wert zum Bilanzstichtag bewertet.

Umlaufvermögen

Die Forderungen und sonstigen Vermögensgegenstände sind zum Nennwert bewertet, soweit nicht im Fall erkennbarer Risiken erforderliche Einzelwertberichtigungen vorgenommen werden und der niedrigere beizulegende Wert angesetzt wird.

Forderungen in Fremdwahrung werden mit dem Entstehungskurs oder mit dem fur die Bilanzierung niedrigeren Stichtagskurs bewertet. Kassenbestand und Guthaben bei Kreditinstituten werden zum Nennwert bewertet. Auf Fremdwahrung lautende Guthaben bei Kreditinstituten werden mit dem Entstehungskurs oder dem niedrigeren Kurs zum Bilanzstichtag bilanziert.

Ruckstellungen

Die Ruckstellungen werden unter Bedachtnahme auf den Grundsatz der kaufmannischen Vorsicht in Hohe des voraussichtlichen Anfalls gebildet. Die Bilanzierung der Ruckstellungen fur Abfertigungen und der Ruckstellungen fur Pensionen nach versicherungsmathematischen Grundsatzen erfolgt gema den Richtlinien der „International Financial Reporting Standards“ (IFRS) nach der sogenannten „Methode der laufenden Einmalpramien“ nach IAS 19. Aufgrund des Entfalls der Verpflichtung bestehen zum 31. Dezember 2007 keine Ruckstellungen fur Pensionen.

Die Berechnung erfolgt auf Basis eines Rechnungszinssatzes von 5,25 Prozent (Vorjahr: 4,75 Prozent) und einer wie im Vorjahr 3-prozentigen Gehaltssteigerung. Fur die Berechnung der Ruckstellungen wurden die Rechnungsgrundlagen AVO 1999-P verwendet. Das Pensions Eintrittsalter wurde bei den Ruckstellungen fur Abfertigungen gema Pensionsreform 2004 angesetzt. Die Annahmen fur die Fluktuation erfolgten auf Basis von Erfahrungswerten.

Auf Basis der getroffenen versicherungsmathematischen Annahmen wurde der Barwert der leistungsorientierten zukunftigen Verpflichtungen errechnet. Im Rahmen der Bewertung und Erfassung der Ruckstellung sieht IAS 19 vor, dass im Rahmen der Bewertung aufgetretene versicherungsmathematische Gewinne oder Verluste nicht berucksichtigt werden mussen, soweit der Gesamtbetrag der versicherungsmathematischen Gewinne oder Verluste 10 Prozent (= Korridor) des Barwertes der Verpflichtung nicht ubersteigt. Ubersteigt der Betrag der nicht angesetzten versicherungsmathematischen Gewinne oder Verluste den Korridor, so ist der ubersteigende Betrag erfolgswirksam verteilt uber die Restdienstzeit der aktiven Dienstnehmer zu buchen.

Die Anwendung der Korridormethode gema IAS 19 fuhrte bei den Ruckstellungen fur Abfertigungen zu im Bilanzansatz nicht berucksichtigten versicherungsmathematischen Gewinnen in Hohe von EUR 33.124 (Vorjahr: Verluste von EUR 47.907).

Verbindlichkeiten

Die Bewertung der Verbindlichkeiten erfolgte mit dem Ruckzahlungsbetrag unter Bedachtnahme auf den Grundsatz der Vorsicht.

Fremdwahrungsverbindlichkeiten wurden mit dem Entstehungskurs oder mit dem hoheren Kurs zum Bilanzstichtag angesetzt.

B. Erläuterungen zu Posten der Bilanz

Aktiva

Anlagevermögen

Entwicklung des Anlagevermögens	Anschaffungs- /		
	Stand 1.1.2007	Zugänge	
	EUR		
I. Immaterielle Vermögensgegenstände			
Software und Markenrechte	561.612,63	18.628,00	
II. Sachanlagen			
1. Bauten auf fremdem Grund	0,00	2.920,00	
2. andere Anlagen, Betriebs- und Geschäftsausstattung ^{*)}	314.864,74	20.716,76	
	314.864,74	23.636,76	
III. Finanzanlagen			
1. Anteile an verbundenen Unternehmen	53.322.948,86	12.590.699,60	
2. Beteiligungen	583.278,65	0,00	
3. Ausleihungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	751.590,00	0,00	
4. Wertpapiere des Anlagevermögens	35.405,28	0,00	
	54.693.222,79	12.590.699,60	
	55.569.700,16	12.632.964,36	

^{*)} davon geringwertige Vermögensgegenstände gemäß § 13 EStG

2.658,71

Herstellungskosten		Stand 31.12.2007	kumulierte Abschreibungen	Restbuchwerte		Abschreibungen des laufenden Geschäftsjahres
Abgänge	Stand 31.12.2007			Stand 31.12.2007	Stand 31.12.2006	
EUR	EUR	EUR	EUR	EUR	EUR	EUR
108.750,00	471.490,63	318.599,66	152.890,97	232.281,81	98.018,83	
0,00	2.920,00	146,00	2.774,00	0,00	146,00	
2.658,71	332.922,79	237.533,11	95.389,68	107.949,52	33.276,60	
2.658,71	335.842,79	237.679,11	98.163,68	107.949,52	33.422,60	
2.388.900,39	63.524.748,07	18.784.904,39	44.739.843,68	40.773.686,82	6.235.642,35	
0,00	583.278,65	583.278,65	0,00	583.278,65	583.278,65	
0,00	751.590,00	142.470,00	609.120,00	680.040,00	70.920,00	
0,00	35.405,28	2.276,58	33.128,70	35.405,28	2.276,58	
2.388.900,39	64.895.022,00	19.512.929,62	45.382.092,38	42.072.410,75	6.892.117,58	
2.500.309,10	65.702.355,42	20.069.208,39	45.633.147,03	42.412.642,08	7.023.559,01	
2.658,71					2.658,71	

Immaterielle Vermögensgegenstände

Bei den immateriellen Vermögensgegenständen werden als Nutzungsdauern im Falle von Markenrechten 10 Jahre bzw. bei Software 4 - 5 Jahre angenommen.

Im Geschäftsjahr wurden keine immateriellen Vermögensgegenstände von verbundenen Unternehmen erworben (Vorjahr: keine).

Sachanlagen

Den linear vorgenommenen Abschreibungen liegen folgende Nutzungsdauern zugrunde:

EDV-Anlagen	4 bis 5 Jahre
Büromaschinen	4 bis 5 Jahre
sonstige Büroeinrichtung	5 bis 10 Jahre

Finanzanlagen

Im Bereich der Anteile an verbundenen Unternehmen setzen sich die Zugänge in Höhe von EUR 12.590.699,60 (Vorjahr: TEUR 14.802) wie folgt zusammen:

	31.12.2007
	EUR
BRAIN FORCE Software GmbH, München, Deutschland, nachträgliche Anschaffungskosten für den im Vorjahr getätigten Erwerb der restlichen Anteile an der Brain Force Financial Solutions AG, München, Deutschland, welche mit der BRAIN FORCE Software GmbH verschmolzen wurde.	489.567,01
Gründung der BRAIN FORCE Inc., New York, USA	15.064,78
Erwerb aller Anteile an der SolveDirect.com Internet-Service GmbH, Wien	12.086.067,81
	12.590.699,60

Im Geschäftsjahr 2006 konnte die BRAIN FORCE HOLDING AG die ausstehenden 4,85 Prozent an der Brain Force Financial Solutions AG, München, Deutschland, erwerben. Der Erwerb der von Minderheitsgesellschaftern gehaltenen Anteile erfolgte, nachdem auf der a.o. Hauptversammlung der Brain Force Financial Solutions AG vom 23. Februar 2006 die Übertragung der Anteile gegen Gewährung einer angemessenen Barabfindung beschlossen wurde, durch Eintragung in das deutsche Handelsregister am 17. Juli 2006. In weiterer Folge wurde die Brain Force Financial Solutions AG auf Grund des Verschmelzungsvertrages vom 7. August 2006 mit

der BRAIN FORCE Software GmbH, München, Deutschland, verschmolzen. Die Verschmelzung wurde mit Eintragung in das Handelsregister am 30. August 2006 wirksam. Im Geschäftsjahr wurden für die Abwicklung des Spruchverfahrens sowie die Abfindung der Altaktionäre noch EUR 489.567,01 gezahlt, die auf die Beteiligung aktiviert wurden.

Am 6. Juli 2007 wurde ein Kauf- und Abtretungsvertrag über den Erwerb sämtlicher Geschäftsanteile an der SolveDirect.com Internet-Service GmbH, Wien, geschlossen. Gefahr und Zufall hinsichtlich der Geschäftsanteile gingen mit Ablauf des 30. Juni 2007 über. Der Kaufpreis besteht aus einem fixen Kaufpreis und variablen Kaufpreiskomponenten. Der Fixkaufpreis wird teilweise in bar und teilweise in Aktien der Käuferin bezahlt. Der Kaufpreis inklusive Anschaffungsnebenkosten in Höhe von EUR 71.479 beläuft sich auf EUR 12.086.067,81. In weitere Folge wurde die SolveDirect.com Internet-Service GmbH, Wien, mit Verschmelzungsvertrag vom 22. August 2007 auf die BRAIN FORCE SOFTWARE GmbH, Wien, rückwirkend per 1. Jänner 2007 verschmolzen.

Im Bereich der Anteile an verbundenen Unternehmen setzen sich die Abgänge in Höhe von EUR 2.388.900,39 (Vorjahr: TEUR 0) wie folgt zusammen:

	31.12.2007
	EUR
Anpassung der Anschaffungskosten der BRAIN FORCE B.V. (vormals VAI B.V.) Veenendaal, Niederlande	2.373.835,61
Abgang der BRAIN FORCE Inc., New York, USA aufgrund Liquidation	15.064,78
	2.388.900,39

Im Geschäftsjahr 2005 hat die BRAIN FORCE HOLDING AG sämtliche Anteile an der VAI B.V., Veenendaal, Niederlande (nunmehr BRAIN FORCE B.V.) übernommen. Der Kaufpreis besteht aus einem fixen Barkaufpreis und variablen Kaufpreiskomponenten. Zusätzlich ist im Vertrag eine gegenseitige Kaufoption für eine zu gründende Tochtergesellschaft definiert, in welche sämtliche Rechte betreffend ein bestimmtes Produkt innerhalb einer bestimmten Frist übertragen werden sollen. Diese Bestimmungen wurden mit Änderungsvereinbarung vom 30. Oktober 2006 neu festgelegt. Gemäß der Änderungsvereinbarung zum Kaufvertrag wurden mit sofortiger Wirkung sämtliche auch über die bisherige Laufzeit hinausgehenden zukünftigen Rechte an dem Produkt erworben, womit die Basis für die erfolgreiche Nutzung des Firmenwertes, unter anderem abgeleitet aus dem Know-how der Mitarbeiter des Unternehmens, geschaffen wurde. In weiterer Folge wurde in der Änderungsvereinbarung die Earn-out-Phase für die zukünftigen Lizenzlöse aus den Lizenzverkäufen um 3 Monate verlängert. Im Geschäftsjahr 2007 wurden die Anschaffungskosten für die Ablösung der im Kaufvertrag definierten gegenseitigen Kaufop-

tion sowie für die in der Änderungsvereinbarung festgelegte Verlängerung der Earn-out-Phase aus Lizenzverkäufen unter aktueller Betrachtung der zukünftig geplanten Verkäufe von bisher EUR 5.592.928 um EUR 2.373.835,61 auf EUR 3.219.092,39 angepasst.

Die Abschreibungen des laufenden Geschäftsjahres resultieren im Wesentlichen aus der Anpassung an einen niedrigeren beizulegenden Zeitwert der BRAIN FORCE Frankfurt GmbH (vormals SYSTEAM Ingenieurbüro für Datenkommunikation und Informatik GmbH), Langen, Deutschland, in Höhe von EUR 3.234.600, und der BRAIN FORCE B.V. (vormals VAI.B.V.), Veenendaal, Niederlande, um EUR 3.000.900.

Die Beteiligungen betreffen 30 Prozent der Anteile an der KEMP Technologies Inc., New York, USA, welche aufgrund einer eingetretenen Wertminderung vollständig abgeschrieben wurden.

Die Ausleihungen beinhalten die im Geschäftsjahr 2005 von der KEMP Technologies Inc. ausgegebene Wandelanleihe in Höhe von USD 900.000. Die Anleihe hat eine Laufzeit bis 30. Juni 2009 und ist mit 12 Prozent verzinst und besichert.

Betreffend die Vergütung der Zinsen hat die BRAIN FORCE HOLDING AG das Recht auf Barzahlung oder auf Aufstockung des Anleihenbetrags. Soweit die anderen Eigentümer von KEMP zustimmen, kann die BRAIN FORCE HOLDING AG auch zur Begleichung durch entsprechende Ausgabe von zusätzlichen Anteilen optieren. Das teilweise, aber auch vollständige Wandlungsrecht in „preferred shares Series A“ in Höhe des ausstehenden Nominales der Anleihe inklusive akkumulierter nicht bar ausbezahlter oder in Anteilen ausgegebener Zinsen bestand gemäß Vertrag erstmalig zum 31. Dezember 2006 unter der Bedingung, dass KEMP nach dem 31. Dezember 2005 ein positives EBIT für ein ganzes Geschäftsjahr erreicht. Die Ausgabe von neuen Aktien ist jedenfalls dann ausgeschlossen, wenn die auf Grund der Convertible Senior Security Note auszugebenden Aktien 25 Prozent des ausstehenden Kapitals der KEMP Technologies Inc. zum 30. September 2005 übersteigen würden. Sollte sich die BRAIN FORCE HOLDING AG zur Wandlung entscheiden, hat KEMP Technologies Inc. das Recht, bis zu 50 Prozent der an der BRAIN FORCE HOLDING AG auszugebenden Aktien und 100 Prozent der ausstehenden Zinsen in bar zu bezahlen.

Umlaufvermögen

Forderungen und sonstige Vermögensgegenstände

In den Forderungen und sonstigen Vermögensgegenständen sind Forderungen in Höhe von EUR 1.142.374,99 (Vorjahr: TEUR 1.984) enthalten, die eine Restlaufzeit von mehr als einem Jahr aufweisen.

Die Forderungen gegenüber verbundenen Unternehmen bestehen in Höhe von EUR 361.530,92 (Vorjahr: TEUR 692) aus Darlehen bzw. in Höhe von EUR 0 (Vorjahr: TEUR 4.000) aus Forderungen aus Gewinnausschüttungen sowie aus einer Forderung in Höhe von EUR 1.642.374,99 (Vorjahr: TEUR 2.431) aus unbaren Entnahmen im Rahmen eines Umgründungsvorganges. Die restlichen Forderungen betreffen Lieferungen und Leistungen in Höhe von EUR 1.096.222,43 (Vorjahr: TEUR 862) sowie eine Forderung aus Steuerumlage in Höhe von EUR 0 (Vorjahr: TEUR 13).

In den sonstigen Forderungen sind Erträge in Höhe von EUR 73.348,47 (Vorjahr: TEUR 99) enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden.

Passiva

Eigenkapital

Grundkapital

Das Grundkapital beträgt zum Bilanzstichtag EUR 15.386.742 und ist in 15.386.742 nennwertlose Stückaktien, welche auf Inhaber lauten, aufgeteilt.

Die Aktien der Gesellschaft notieren im Prime-Standard-Segment des geregelten Marktes in Frankfurt am Main, Deutschland, und im Prime-Market-Segment an der Wiener Börse.

Das genehmigte Kapital beträgt zum Bilanzstichtag EUR 7.693.371 (Vorjahr: TEUR 7.693).

Die Entwicklung des Grundkapitals und der Kapitalrücklage ist in folgender Tabelle dargestellt:

	Grundkapital	gebundene Kapitalrücklagen
	EUR	EUR
Stand 1.1.2007	15.386.742,00	28.731.283,26
Auflösung der gebundenen Kapitalrücklage zur Verlustabdeckung	0,00	-9.162.972,80
Stand 31.12.2007	15.386.742,00	19.568.310,46

Rücklage für eigene Anteile

In der ordentlichen Hauptversammlung vom 11. Mai 2006 wurde der Vorstand ermächtigt, für die Dauer von 18 Monaten eigene Aktien bis zum Ausmaß von 10 Prozent des Grundkapitals zu erwerben. Mit Veröffentlichung vom 13. Dezember 2006 hat der Vorstand beschlossen, von

dieser Ermächtigung Gebrauch zu machen. Der Ankaufspreis darf dabei den durchschnittlichen Börsenkurs im Xetra-Handel an den letzten 5 aufeinander folgenden Börsenhandelstagen um nicht mehr als 10 Prozent über- oder unterschreiten. Das Rückkaufprogramm begann am 18. Dezember 2006 und endete am 9. November 2007. In der ordentlichen Hauptversammlung vom 9. Mai 2007 wurde dieser Beschluss widerrufen und gleichzeitig durch eine neue Ermächtigung, für die Dauer von 18 Monaten eigene Aktien bis zum Ausmaß von 10 Prozent des Grundkapitals zu erwerben, ersetzt. Mit Veröffentlichung vom 10. Mai 2007 hat der Vorstand beschlossen, von dieser Ermächtigung Gebrauch zu machen. Der Ankaufspreis darf dabei den durchschnittlichen Börsenkurs im Xetra-Handel an den letzten 5 aufeinander folgenden Börsenhandelstagen um nicht mehr als 10 Prozent über- oder unterschreiten. Das Rückkaufprogramm begann am 15. Mai 2007 und endet am 9. November 2008.

Die Rücklage für eigene Anteile entwickelte sich wie folgt:

	Anschaffungswert	
	Stück	EUR
Stand 1.1.2007	40.759	134.737,40
Auflösung	-40.759	-134.737,40
Stand 31.12.2007	0	0,00

Es wurden während des Jahres 968.625 Stück eigene Aktien im Preisband zwischen EUR 2,82 und EUR 3,93 gekauft. Der gesamte Bestand im Anschaffungswert von EUR 3.167.699,64 wurde im Rahmen des Erwerbs der SolveDirect.com Internet-Service GmbH zur teilweisen Tilgung des Kaufpreises verwendet.

Rückstellungen

Die sonstigen Rückstellungen enthalten folgende Posten:

	31.12.2007	31.12.2006
	EUR	TEUR
nicht konsumierte Urlaube	22.550,64	17
Prämien	13.750,00	175
Wirtschaftsprüfung und Beratung	336.743,96	34
offene Kaufpreisverpflichtungen aus Anteilswerb	3.803.326,00	4.381
übrige	203.600,00	162
	4.379.970,60	4.769

Verbindlichkeiten

Am 6. März 2007 wurde ein endfälliges Darlehen über EUR 10 Mio. aufgenommen, welches am 20. März 2014 zurückzuführen ist.

Die restlichen Verbindlichkeiten haben eine Restlaufzeit von weniger als einem Jahr.

Die Verbindlichkeiten gegenüber verbundenen Unternehmen resultieren aus Lieferungen und Leistungen in Höhe von EUR 374.705,77 (Vorjahr: TEUR 253) und aus Steuerumlagen in Höhe von EUR 94.339,56 (Vorjahr: TEUR 0).

In den sonstigen Verbindlichkeiten sind Aufwendungen in Höhe von EUR 281.805,07 (Vorjahr: TEUR 92) enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden.

C. Erläuterungen zu Posten der Gewinn- und Verlustrechnung**Umsatzerlöse**

Im Geschäftsjahr 2007 wurden ausschließlich Umsatzerlöse aus der Erbringung von Dienstleistungen an Beteiligungsunternehmen erzielt.

Von den Umsatzerlösen in Höhe von EUR 920.807,49 (Vorjahr: TEUR 1.239) wurden EUR 124.131,89 (Vorjahr: TEUR 194) im Inland erwirtschaftet. Weitere EUR 792.415,26 (Vorjahr: TEUR 1.033) wurden in übrigen Ländern der Europäischen Union bzw. EUR 4.260,34 (Vorjahr: TEUR 12) in Nicht-EU-Ländern erzielt.

Steuern vom Einkommen und vom Ertrag

Die Gesellschaft ist Gruppenträger einer Unternehmensgruppe nach § 9 KStG und hat mit dem Gruppenmitglied, der BRAIN FORCE SOFTWARE GmbH, Wien, einen Steuerumlagevertrag geschlossen. Die auf Basis der Belastungsmethode ermittelte Steuerumlage für das Geschäftsjahr 2007 sieht eine Erstattung an das Gruppenmitglied in Höhe von EUR 108.021 (Vorjahr: TEUR 49) vor.

Der in der steuerlichen Gruppe auf Grund der zeitlichen Differenzen gemäß § 198 Abs. 10 UGB aktivierbare Betrag beträgt ohne Berücksichtigung des steuerlich entstandenen Verlustes bzw. der voraussichtlichen Nutzbarkeit EUR 1.583.806 (Vorjahr: TEUR 576) und resultiert vorwiegend aus der unterschiedlichen Behandlung von außerplanmäßigen Abschreibungen auf Beteiligungen.

D. Sonstige Angaben

Beteiligungsverhältnisse

Name/Sitz	Anteil am Kapital	Eigenkapital zum 31.12.2007	Jahresergebnis
	%	EUR	EUR
BRAIN FORCE SOFTWARE GmbH, Wien	100	2.385.733,78	222.280,34
BRAIN FORCE Software GmbH, München, Deutschland	100	5.011.649,89	-1.055.871,68
BRAIN FORCE S.p.A., Mailand, Italien (vormals Brain Force Software S.p.A.)	100	1.664.259,64	309.764,27
BFS Brain Force Software AG, Kloten, Schweiz	100	-64.734,14	-51.142,40
BRAIN FORCE Network Solutions B.V., Veenendaal, Niederlande (vormals BRAIN FORCE Software B.V., Amsterdam)	100	-256.682,79	53.877,10
BRAIN FORCE SOFTWARE Ltd., Cambridge, Großbritannien	100	-29.567,07	-5.935,66
BRAIN FORCE SOFTWARE s.r.o., Prag, Tschechische Republik ¹⁾	100	138.475,99	250,91
BRAIN FORCE B.V. (vormals VAI B.V.), Veenendaal, Niederlande	100	1.908.815,00	328.075,00
BRAIN FORCE Frankfurt GmbH (vormals SYSTEAM Ingenieurbüro für Datenkommunikation und Informatik GmbH), Langen, Deutschland	100	527.074,49	-116.521,32
KEMP Technologies Inc., New York, USA ²⁾	30	102.456,58	-85.290,36

1) Dabei handelt es sich um vorläufige Zahlen zum Jahresabschluss 2007.

2) Dabei handelt es sich um Zahlen zum 31. Dezember 2006.

Beziehungen zu verbundenen Unternehmen

Verbundene Unternehmen im Sinne des § 228 Abs. 3 UGB sind alle Unternehmen, die zum Konzern der BRAIN FORCE HOLDING AG, Wien, gehören. Geschäfte mit diesen Gesellschaften werden wie mit unabhängigen Dritten abgewickelt.

Konsolidierungskreis

Die BRAIN FORCE HOLDING AG, Wien, ist jenes Mutterunternehmen, welches den Konzernabschluss für den größten und den kleinsten Kreis von Unternehmen aufstellt. Der Konzernabschluss wird in Wien hinterlegt.

Haftungsverhältnisse

Mit der BFS Brain Force Software AG, Kloten, Schweiz, wurde eine Rangrücktrittsvereinbarung basierend auf Forderungen der BRAIN FORCE HOLDING AG abgeschlossen. Der Umfang des vom Rangrücktritt erfassten Betrages ist EUR 83.849,99. Eine Begleichung der Forderung durch die BFS Brain Force Software AG, Kloten, Schweiz, ist nach Schweizer Recht erst möglich, wenn keine Besorgnis der Überschuldung mehr vorliegt.

Mit der BRAIN FORCE SOFTWARE Ltd., Cambridge, Großbritannien, besteht eine Rangrücktrittsvereinbarung für bestehende Forderungen der BRAIN FORCE HOLDING AG in Höhe von EUR 27.335,65. Die bestehende Forderung gegenüber der BRAIN FORCE SOFTWARE Ltd., Cambridge, Großbritannien, in Gesamthöhe von EUR 29.530,08 ist zu 100 % wertberichtigt.

Weiters hat die BRAIN FORCE HOLDING AG gegenüber der Deutsche Bank AG, München, Deutschland, eine unwiderrufliche und unbedingte Zahlungsgarantie für eine Finanzierungsverbindlichkeit der BRAIN FORCE Frankfurt GmbH (vormals SYSTEAM Ingenieurbüro für Datenkommunikation und Informatik GmbH), Langen, Deutschland, in Höhe von EUR 750.000 übernommen.

Gegenüber der Volksbank Dreieich eG hat die BRAIN FORCE HOLDING AG eine selbstschuldnerische Bürgschaft zur Sicherung der bestehenden Forderungen der Bank gegenüber der BRAIN FORCE Frankfurt GmbH, Langen, Deutschland, übernommen. Zum 31. Dezember 2007 beträgt die Forderung der Volksbank Dreieich eG gegenüber der BRAIN FORCE Frankfurt GmbH (vormals SYSTEAM Ingenieurbüro für Datenkommunikation und Informatik GmbH), Langen, Deutschland, EUR 547.814,99 (Vorjahr: TEUR 704).

Sonstige finanzielle Verpflichtungen

Finanzielle Verpflichtungen der Gesellschaft aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen des folgenden Geschäftsjahres betragen EUR 495.144,36 (Vorjahr: TEUR 287) und der Gesamtbetrag der folgenden fünf Jahre beläuft sich auf insgesamt EUR

2.365.387,31 (Vorjahr: TEUR 863).

Pflichtangaben über Organe und Arbeitnehmer

Die durchschnittliche Zahl der Arbeitnehmer (= Angestellte) betrug im Geschäftsjahr 2007 11 Personen (Vorjahr: 12).

Eingeräumte Aktienoptionen

Derzeit besteht kein Mitarbeiterbeteiligungsprogramm in der BRAIN FORCE HOLDING AG.

Aufwendungen für Abfertigungen und Pensionen

Die Aufwendungen für Abfertigungen und Pensionen für Vorstandsmitglieder und leitende Angestellte im Sinne des § 80 AktG betragen EUR -443,10 (Vorjahr: TEUR 40) und für andere Arbeitnehmer EUR 47.358,20 (Vorjahr: TEUR 25). Von den Gesamtaufwendungen sind EUR 13.808 (Vorjahr: TEUR 15) unter dem Posten „Zinsen und ähnliche Aufwendungen“ ausgewiesen.

Der Posten „Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen“ enthält Aufwendungen für Abfertigungen in Höhe von EUR 16.824,00 (Vorjahr: TEUR 16).

Gesamtbezüge des Vorstandes und des Aufsichtsrates

Die Gesamtbezüge des Vorstandes betragen im Jahr 2007 EUR 773.547,09 (Vorjahr: TEUR 761), davon EUR 44.136,80 (Vorjahr: TEUR 54) von verbundenen Unternehmen.

In den Gesamtbezügen sind variable Anteile in Höhe von EUR 140.696 (Vorjahr: TEUR 187) enthalten.

Die Vergütung für Tätigkeiten des Aufsichtsrates betrug im Geschäftsjahr 2007 EUR 66.600 (Vorjahr: TEUR 64).

Mitglieder des Vorstandes und des Aufsichtsrates

Im Geschäftsjahr 2007 waren folgende Personen als Vorstand tätig:

- ▶ Günter Pridt, Wien, Vorsitzender, interimistisch bestellt am 4. September 2007 gemäß § 90 Abs. 2 AktG mit selbständiger Vertretungsbefugnis; seit 27. September 2007 fix bestellt mit selbständiger Vertretungsbefugnis, im Firmenbuch eingetragen am 19. Dezember 2007
- ▶ Helmut Fleischmann, Kitzbühel, Vorsitzender abberufen am 4. September 2007, im Firmenbuch eingetragen am 26. September 2007
- ▶ Wolfgang Lippert, Langenzersdorf, Stellvertreter des Vorsitzenden bis 31. Oktober 2007, im Firmenbuch gelöscht am 14. November 2007

Im Geschäftsjahr 2007 waren folgende Personen als Aufsichtsrat tätig:

- ▶ Dr. Christoph Senft, Angerberg, Vorsitzender (seit 12. Juni 2003; Funktionsperiode bis Ende der ordentlichen Hauptversammlung, die über das Geschäftsjahr 2009 beschließt)
- ▶ Günter Pridt, Wien, Stellvertreter des Vorsitzenden (seit 14. April 2005; Funktionsperiode bis 4. September 2007)
- ▶ Mag. Wolfgang M. Hickel, Wien (seit 14. Juni 2000; Funktionsperiode bis Ende der ordentlichen Hauptversammlung, die über das Geschäftsjahr 2007 beschließt)
- ▶ Mag. Christian Schamburek, Brunn am Gebirge (seit 11. Juni 2003; Funktionsperiode bis Ende der ordentlichen Hauptversammlung, die über das Geschäftsjahr 2011 beschließt)
- ▶ Christian Wolff, Schweiz (seit 14. April 2005; Funktionsperiode bis Ende der ordentlichen Hauptversammlung, die über das Geschäftsjahr 2008 beschließt)
- ▶ Prof. Ing. Peter Kotauczek, Breitenbrunn am Neusiedler See (seit 22. Dezember 2006; Funktionsperiode bis Ende der ordentlichen Hauptversammlung, die über das Geschäftsjahr 2009 beschließt)

Wien, den 14. März 2008

Der Vorstand:



gez :
Günter Pridt

Bestätigungsvermerk

Wir haben den Jahresabschluss der BRAIN FORCE HOLDING AG, Wien, für das Geschäftsjahr vom 1. Jänner bis 31. Dezember 2007 unter Einbeziehung der Buchführung geprüft. Die Buchführung, die Aufstellung und der Inhalt dieses Jahresabschlusses sowie des Lageberichtes in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften liegen in der Verantwortung des gesetzlichen Vertreters der Gesellschaft. Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung und einer Aussage, ob der Lagebericht in Einklang mit dem Jahresabschluss steht.

Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern, die Prüfung so zu planen und durchzuführen, dass ein hinreichend sicheres Urteil darüber abgegeben werden kann, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist, und eine Aussage getroffen werden kann, ob der Lagebericht mit dem Jahresabschluss in Einklang steht. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld des Unternehmens sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Nachweise für Beträge und sonstige Angaben in der Buchführung und im Jahresabschluss überwiegend auf Basis von Stichproben beurteilt. Die Prüfung umfasst ferner die Beurteilung der angewandten Rechnungslegungsgrundsätze und der vom gesetzlichen Vertreter vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

Unsere Prüfung hat zu keinen Einwendungen geführt. Gemäß den bei der Prüfung gewonnenen Erkenntnissen entspricht der Jahresabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage des Unternehmens zum 31. Dezember 2007 sowie der Ertragslage des Unternehmens für das Geschäftsjahr vom 1. Jänner bis 31. Dezember 2007 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung. Der Lagebericht steht in Einklang mit dem Jahresabschluss.

Wien, den 14. März 2008

PwC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

gez.:

Mag. Dr. Aslan Milla
Wirtschaftsprüfer

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