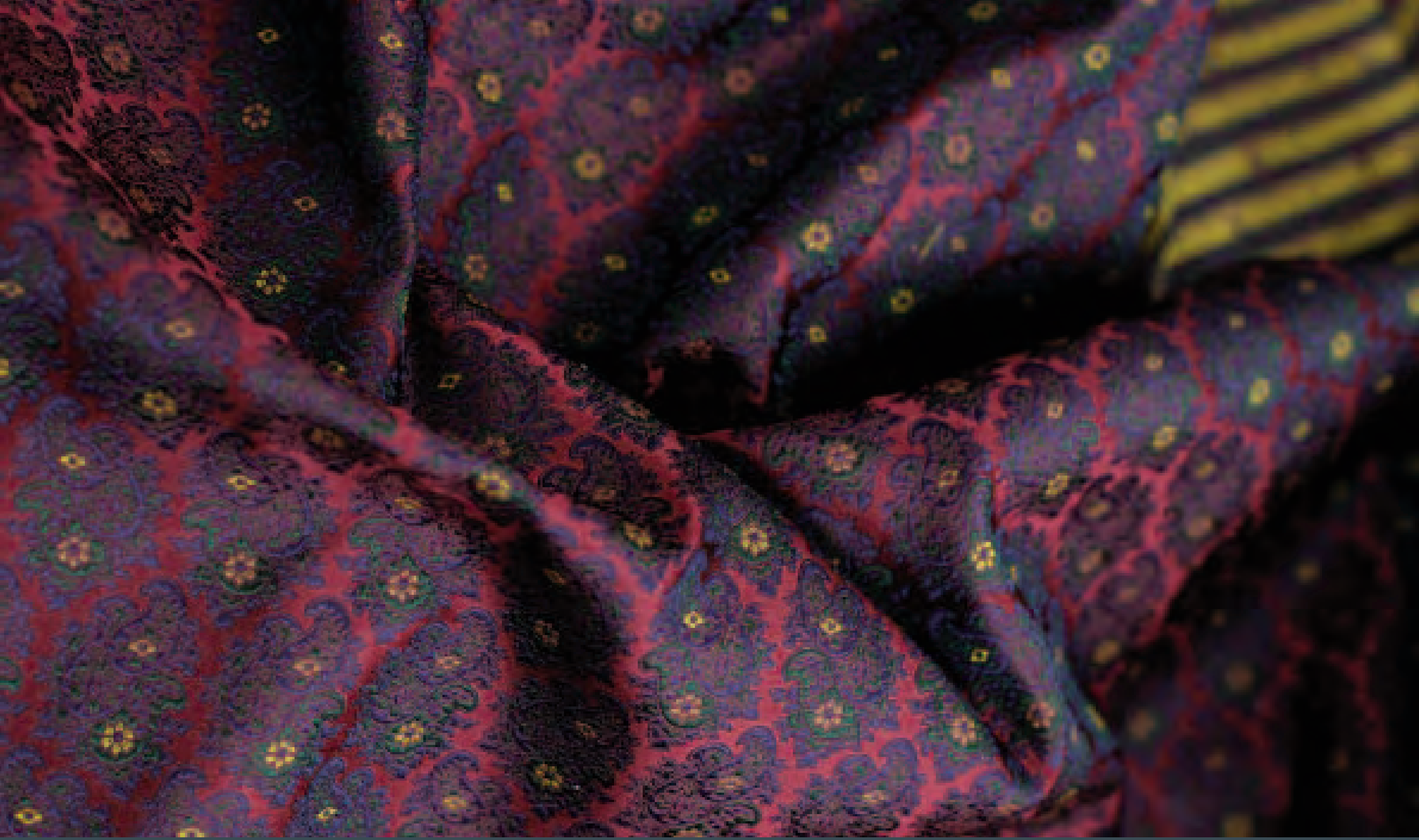
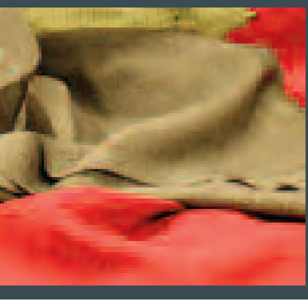
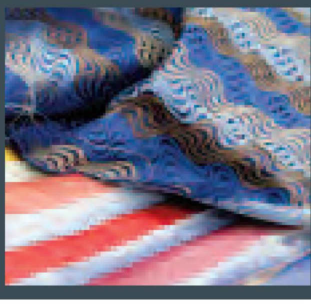
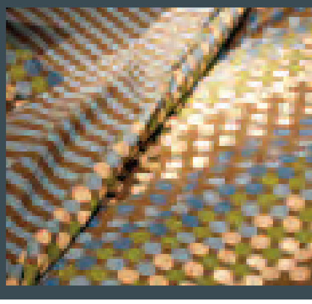


Blue Fox Enterprises NV annual report 2007



BLUE FOX
ENTERPRISES N.V.

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1 Letter from the CEO

Dear shareholder,

In the 2006 annual report we announced that 2007 would be a year of transition for Blue Fox. We had initiated a drastic turn-around in 2006. Part of this was the decision to sell off operating companies, enabling us to meet repayment obligations. With this decision, the strategy to focus the company's activities on software development for the textile and apparel industry was launched. Crucial to the future success of the company would be the acceptance of the Microsoft ERP software.

After an agreement was reached on the sale of our operating companies Carier to Carier in March and NedGraphics CAD/GIS in April, the sale of Pollux was finalised in May 2007. The three transactions generated sufficient cash to reduce the debt position of Blue Fox to a minimum and a one-off book profit was realised. With this, a solid basis was created for the refinancing. The shareholders approved a new share issue in June, raising €1.6 million in capital. This, combined with the earlier conversion of a €850,000 bond loan, secured the financing needs for the full year 2007.

Blue Fox shared with its shareholders the two possible scenarios for its future: it was exploring continuation as an independent company or cooperation with a strategic partner. Management expressed the opinion that Blue Fox, in its leaner form, was too small to bear the costs of an independent stock listing and to be in a position to realise, the full potential of the Microsoft ERP software developed by its subsidiary Porini.

The commercialisation of the Microsoft ERP software in particular was a major challenge to the company. The commercial agreement with Microsoft, an important precondition to resolve the precarious financial situation, was delayed considerably. In October 2007 the software has been placed on Microsoft's price list in the USA, Italy, Belgium and India. Other important potential markets have since followed.

Despite the fact that the first agreements were closed with new clients at the end of 2007, the high expectations have not been met so far. Another significant challenge for our subsidiary Porini is the transformation from a direct to an indirect sales organisation, with the software being sold via a worldwide network of qualified Microsoft Resellers. Although major progress has been made, it is likely to take considerable time before the indirect sales channel can close orders and implement the software independently. It appears too early to make specific statements about the earn-back period for the newly developed ERP software. Contrary to the presumption early 2007 of a cash flow neutral situation in the course of 2008, we now anticipate the net financing need for Porini to continue into 2009.

The other main activity of Blue Fox, the NedGraphics CAD/CAM software, realised a good improvement in the year under review. Turnover remained virtually unchanged compared to 2006 and the cost reduction measures launched in 2006 have borne fruit. NedGraphics, after a negative operating result in 2006, has been able to realise a positive operational result of almost 20% of revenue in 2007.

Concluding, we can say that NedGraphics had a good year with major improvements in our position on the CAD/CAM market. However, we also see that the start-up losses in the ERP software, including the necessary investments in setting up the new sales organisation for this software, will continue to have a negative impact on the results of the company. Finally, the holding costs have been relatively high in 2007, due to the costs of realising the turnaround.

In our search for a strategic partner, a substantial number of talks have been conducted with potential partners during the second half of the year. As the majority of the partners in the talks considered the combination of CAD/CAM and ERP software activities incompatible, we decided to explore the option of continuing the activities as two separate operations.

In 2007, Blue Fox put a lot of effort into the successful realisation of the turnaround launched in 2006. Thanks to the efforts of our employees and the support of our clients, we are able to report good improvements. At the same time, we are not there yet. Our expectation for 2008 is that if Blue Fox continues to exist independently, the operational result will remain negative. In the eyes of the Board of Directors it is therefore essential to accelerate the efforts to realise a situation in which the total of Blue Fox activities is cash flow positive.

Vianen, 10 April 2008

Cees van Steijn,
Chairman of the Board of Directors

name Lewis Dumont
position Product Development Operations manager
company Burlington Worldwide, provides apparel customers with innovative fabrics
website www.burlington.com www.itg-global.com

"Our company is continuously developing new fabric styles, colors and finishes. We need real time access to control and move inventories instantly."

Burlington USA

Burlington Worldwide - providing innovative fabrics for apparel on a global basis

International Textile Group, Inc., 'ITG', provides textile solutions and fabric brands across the automotive safety, apparel, government uniform, technical and specialty markets. Its businesses include Automotive Safety, Cone Denim, Burlington WorldWide and Carlisle Finishing. Burlington WorldWide provides apparel customers with innovative fabrics on a global basis. Its operations and strategic sourcing bring customers a broad range of fabrics guided by advanced product development and market knowledge. Offices in Hong Kong serve as a focal point for global operations, including sourcing activities and the delivery of fabrics to points of assembly worldwide. Products include apparel fabrics of synthetics, worsted wool, and cotton plus specialized fabrics for high-tech activewear, barrier products and uniforms. At Burlington Worldwide Lewis Dumont is responsible for product development operations for the domestic, sourced and China apparel businesses. Lewis relies on CDS and GTEX software solutions from Blue Fox Porini in his daily work.

Lewis Dumont, product development operations manager

Can you describe Burlington Worlwide Industries? *"At Burlington WorldWide we specialize in wovens for menswear, womenswear, activewear, uniforms and barrier products. We have domestic operations that produce fabrics for the military as well as global manufacturing platforms in Mexico, Nicaragua, China and India. In addition we act as a sourcing platform with connections to various production centers worldwide. Burlington Labs, a group of scientists and textile engineers, work on innovations, such as special camouflage fabrics, Cocona® fabrics that enhance evaporative cooling and odor management as well as anti-static fabrics for hospitals and clean rooms."*

What is your role in the company? *"I am responsible for product development operations for our domestic, sourced, and China apparel businesses. I release development styles to production, validate style specs, BOM, harmonized tariff codes and quota categories, resolve and reclassify development and production inventories, expedite all new technology through our manufacturing facilities and coordinate R&D shipments to sales and customers. In addition I issue purchase orders for our sourced business to initiate new developments at our partner mills primarily in Thailand, China and India."*

Which Blue Fox solutions help you to achieve your goals? *"We use Porini's CDS for product development as well as product data management, Porini's GTEX is our ERP system. With CDS's efficient edit/save and status features I release development styles to production, CDS automatically synchronizes with GTEX. GTEX also allows me to resolve and reclassify development and production stock and issue purchase orders to our partner mills.*
The use of Porini's CDS is widespread at ITG with more than 500 users that have read access."

What makes you passionate about these solutions and why? *"Porini's GTEX has given us real time access to control and move inventories, keep them current and tag those not suitable for production and ready for closeout sales. This is huge in the world of R&D and merchandising where quick access is essential for a successful product launch. Planning and customer service have better and real time visibility thanks to GTEX, which has resulted in reduced shipping lead-time.*
In the past I was heavily involved in different Enterprise systems. I am very impressed on how much faster our IT specialist Mark Coble can make changes in CDS as opposed to other systems. We are talking days instead of months/years! I can now request and get timely modifications when my business requirements change. CDS's ability to add new table values immediately is a great time saver. We always come up with new innovative finishes for our fabrics and need the ability to add these values immediately. This helps us keeping our sense of urgency flowing. Color ways by SKU are also more visible, resulting in planning, customer service and sales to be more proactive and self-sufficient. The user friendly CDS has cut down drastically the inquiries we used to get for style specs and style info from users."

What future developments would help you to better achieve your goals? *"Overall we are very satisfied with the flexibility of Porini's CDS and GTEX. A few specific changes would help us to be more efficient and further improve the user friendliness. For example inclusion of care code symbols in CDS. We would also welcome interfacing of NedGraphics Dobby Export Files with Porini's CDS."*

"Porini's CDS and GTEX have given us the flexibility to control and manage our R&D inventories. The flexibility and adaptability of Porini's CDS is of vital importance to our business where innovation is the rule rather than exception." Lewis Dumont, Product Development Operations manager

2 Key figures

	2007	2006
Results from continued operations (in thousands of euros)		
Net revenue	16,054	21,962
Operating result	-1,959	-6,697
Net result [1]	4,616	-6,560
Cash flow [1]	4,154	-631
Employees (in FTE)		
Average number of staff in continued operations, including staff hired out	192	218
Balance sheet information (in thousands of euros)		
Balance sheet total	21,639	30,192
Shareholders' equity	10,297	3,220
Guarantee capital	10,297	5,295
Ratio's (in %)		
Operating result / net revenue	-12.2	-30.5
Net result / net revenue	28.8	-29.9
Solvency	47.6	10.7
Figures per share (amounts in euros)		
Average number of shares outstanding	3,972,911	3,512,120
Result per share	1.16	-1.87
Cash flow per share	1.05	-0.18

[1] Relates to both continued and discontinued operations

3 Profile

Company profile

Blue Fox is a global provider of high-quality software solutions and services for manufacturers and designers of the products, designs and brands which surround us in our day-to-day lives in the form of fashion items, accessories, carpets, and other woven materials.

Through its Textile and Apparel Software division, Blue Fox develops Computer Aided Design (CAD) and Computer Aided Manufacturing (CAM) and Enterprise Resource Planning (ERP) system software for the international textile and apparel industry. The software aids the design and production of textiles, as well as sales and order management, planning and scheduling, forecasting, supply chain management, and distribution.
Blue Fox NedGraphics develops CAD/CAM software for design studios to create, visualise and present their products. Textile and fashion product manufacturers are using Blue Fox software to operate their production machines. More and more companies operating in the global textile and apparel industry are beginning to use Blue Fox Porini Enterprise Resource Planning software to further improve their efficiency. Furthermore, Blue Fox Porini was selected by Microsoft as their partner for the development of the vertical ERP software for the textile and apparel market. This new ERP software was introduced in 2007.

In 2006 the company decided to focus its stategy on the textile and apparel software and to dispose of its Engineering and Geographic Information System (GIS) division. In the annual statements, the GIS-division is classified as 'discontinued operations'.

The company's Engineering and Geographic Information Software (GIS) division designs and distributes software for governments and for engineering applications in mechanical and civil engineering, construction and architecture, and industrial design. In the engineering and industrial design sector, Blue Fox subsidiary Pollux helps its clients throughout the Benelux to increase their productivity and fully exploit their creative capabilities. In addition, Blue Fox develops highly sophisticated geographic information software solutions, mainly used by municipal, provincial and national governmental organisations in the Netherlands.

Blue Fox employs about 192 staff worldwide. Software development activities are concentrated in three locations: Vianen (the Netherlands), Lomazzo (Italy) and Bucharest (Romania). Consultancy services, sales and support activities are carried out locally through a global network of regional offices and agents in 35 different countries. Blue Fox Enterprises N.V. shares are listed on Euronext Amsterdam.

Description of the Textile & Apparel division

The Textile and Apparel Software division develops and markets innovative software solutions for the global textile and apparel market. It comprises two different groups of software solutions: design and production software applications marketed under the name Blue Fox NedGraphics, and Enterprise Resource Planning systems marketed under the name Blue Fox Porini. Blue Fox fully supports its customers by providing both flexible solutions, covering the complete supply chain, and personal service (customisation) in all stages of the design, production and resource planning process. Furthermore, Blue Fox supports clients in almost every segment of the trade, including vertical producers (fibre to finished garment) or importers of apparel, footwear, textile, home furnishings, outdoor and fashion accessories.

With its NedGraphics software solutions, Blue Fox has over 28 years of experience in developing, marketing and supporting the leading CAD/CAM software for thousands of companies worldwide. The NedGraphics software line covers solutions for textile design (CAD) and production (CAM) associated with:
- Fashion and apparel
- Woven textiles
- Printed textiles
- Floor coverings (woven, tufted, and printed)
- Product presentation & merchandising
- Design management & communication
- Networking of production machines

The Porini software offers Enterprise Resource Planning solutions for the textile and apparel industry. It entails more than 39 years of experience in the development and implementation of innovative, world-class IT solutions. The Porini software line offers a broad and powerful suite of applications helping organisations to optimise their activities and results with respect to:
- Product development
- Sales and order management
- Sourcing
- Manufacturing
- Planning and scheduling
- Production monitoring
- Forecasting
- Supply chain management
- Distribution
- Retail

4 Composition of the Boards

Board of Directors

Cees van Steijn (1951) **Chairman** Mr. Van Steijn studied Business Economics in Amsterdam, and got his MBA at IMD in Lausanne. During the 1970s, he gained international experience at Fokker B.V. After earning his Master's Degree in 1981, he worked for 12 years at the Amsterdam-based management consultancy firm Van de Bunt, where he was a Senior Consultant and partner. He served as Managing Director of two publishing companies, first at Meulenhoff Educatief B.V. in Amsterdam from 1993, and from 1996 also at the Leiden-based SMD Uitgevers. From 1999, Cees van Steijn served on the boards at Amsterdam RAI B.V., Newconomy N.V., Landis ICT Group N.V., NOB N.V., Veronica and Priority Telecom N.V.. These positions entailed that Cees van Steijn was also a member of the Supervisory Boards of various companies (e.g., SBS Broadcasting, Veronica Holding, Explainer DC and Centraal Boekhuis). He is Supervisory Board member of DVRG N.V.

Supervisory Board

Servaas L.M. Houtakkers (1959) **Chairman** Mr. Houtakkers graduated from Nijmegen University and started his professional career as a corporate lawyer at Hendrix International, which is better known now as the Euronext Amsterdam-listed company Nutreco NV, before moving to MeesPierson NV's legal department in Amsterdam. In the early 1990s, he pioneered the banking and trust activities of MeesPierson in Belgium. In 1994, he was appointed Managing Director of MeesPierson Trust Luxembourg and subsequently appointed Managing Director of MeesPierson (Luxembourg) Banquiers. He moved to Brussels in 1997, where he acted as Chief Operating Officer of EASDAQ NV/SA and subsequently, from late 1998, continued his career at Merrill Lynch NV in Amsterdam.
In 2001, he was appointed managing partner with a Brussels-based corporate services company. Mr. Houtakkers has been active as a corporate consultant since January 2005. He is a member of the advisory board of Greening International Partners and was a member of the managing board of Burani Designer Holding BV until February 2007. He was Chairman of the Board of Directors of Prolion Holding NV from 2002 until September 2004 and of Interbanca International Holding SA from 2003 until March 2005.

Leon P.E.M. van den Boom (1952) **Member** Mr. Van den Boom studied at the University of Groningen and the Vrije Universiteit in Amsterdam and is a business economist and registered accountant. He worked for the University of Washington and for ABN Bank, was a partner at Van de Bunt, Managing Partner at the Van den Boom Groep and was a member of the Executive Board of NIB Capital Bank N.V. Currently he is a senior partner at PARK Corporate Finance in Laren.
Mr. Van den Boom specialises in issues in the field of Corporate Finance and Corporate Governance. He holds supervisory directorships at ASM International NV, RFS Holding BV ('Wehkamp'), FD Media Groep BV, Inter Access Groep BV, Nyloplast NV, Broekhuis Training Groep BV and IE Holding BV.
He is Chairman of the Stichting Financieringspreferente Aandelen VOPAK NV and a member of the Board of Stichting Administratiekantoor Fugro N.V.

Pierre A.M. Pellenaars (1945)* **Member** Mr. Pellenaars graduated in business economics from Tilburg University.
His (former) positions include membership of the Executive Board of Gebr. Broere B.V. in Dordrecht and Senior Vice-President Finance & Administration of Koninklijke Pakhoed N.V.
Mr. Pellenaars was subsequently Chairman of the Board of Directors of Wilton-Feijenoord Holding B.V. and Chairman of the Board of Directors of RDM Nederland B.V. Mr. Pellenaars has been active as corporate advisor and as private investor since January 2000. Until 2007, Mr. Pellenaars was Chairman of the Supervisory Board of SLTN Group B.V. and a Supervisory Board member of Winwind B.V., Indus PS B.V. (holding company of MPE B.V.) and Thermae 2000 N.V. In addition, he is Supervisory Board member of Sanadome Holding N.V..

Ton Pannekoek (1949)* **Member** Mr. Pannekoek holds a degree in business economics from the H.E.A.O. in Arnhem and completed executive courses at Insead-Fontainebleau and the Harvard Business School in Boston. He held several sales positions with Burroughs (Unisys) during a nine-year period and was Sales Director of Apple Computer B.V. before starting Compaq Computer B.V. in the Netherlands in 1987. He was Managing Director of Compaq Nederland until 2000, with various European accreditations. Since then, Mr. Pannekoek has been active as corporate consultant, private investor and Chairman of the Supervisory Board of Compu'Train B.V.

* Mr. Pellenaars and Mr. Pannekoek resigned from the Supervisory Board as per 25 May 2007.

name Henk Ramakers
position Designer
company Desso, prominent carpet producer
website www.desso.com

"Our clients are becoming ever more demanding. Everything needs to be finished yesterday. This means we have to respond more quickly all the time."

Desso The Netherlands

Desso - a leading European player in the floor covering business

Desso Leisure & Travel produces high quality carpeting products for hotels, casinos, conference centres, cruise vessels and the aviation industry. The product range includes standard products, available from stock immediately, but also high quality woven Axminster and Wilton products, designed and made to order. The 'specials' department where Henk Ramakers, designer for Desso Leisure & Travel, works is responsible for Desso's custom designs. Henk works on these special creations together with his fellow designers, architects, artists, sales and marketing department, sampling department and production department.

Henk Ramakers, coloring and shaping Desso's custom made carpet

Can you describe Desso? *"Desso is one of the larger European players in floor coverings. We produce, install, maintain and sell floor coverings. Applications vary from carpet for companies and customers to solutions for sports fields.*
The Leisure & Travel Division, where I work, produces solutions for the hospitality sector, cruise ships and the aviation industry. Within this division, my 'specials' department works on custom-made carpet. Examples of these are aircraft carpet for Boeing and KLM, carpet for Marriot Hotels, but also for the Royal Palace Huis ten Bosch."

What is your role in the company? *"I have been a designer for Desso for more than 28 years. I give shape and colour to all kinds of floor coverings, but primarily Axminster woven products. I work closely with clients, architects and designers in the production of Desso's 'specials'. Within Desso, I maintain close contacts with the sampling department, sales and production and obviously my fellow designers. I started using one of the first systems from M&S, what is now NedGraphics, in my very early years, back in the 1980s. I have seen every generation of CAD system from NedGraphics come past in my time."*

Which Blue Fox NedGraphics solutions help you to achieve your goals? *"Personally, I use NedGraphics' Texcelle a lot for designing. The files can be transmitted directly to the Kibby pegboard machines, which make it possible to produce samples very quickly. After approval, the designs are sent via DesignCOM, from NedGraphics, to Desso's production facilities in Dendermonde. DesignCOM is also the platform used to make designs available to our customers via our US website. This allows them to visualise and colourise using the computer and the wool samples from the Desso 'pom-box'.*
For Tufting design, we use NedGraphics' Tuft software, which is connected to the Modra sampling machine."

What makes you passionate about these solutions and why? *"The software is very user-friendly. Not surprisingly, most of our colleagues use NedGraphics. It is really the standard software for carpet design.*
We can use software from a single supplier for Axminster, Wilton, Colortec, print and tuft, which are in fact very different applications.
We very rarely have any problems, as the products are all very mature, but if there are problems they are always resolved quickly. We really enjoy our cooperation with NedGraphics."

What future developments would help you to better achieve your goals? *"We are in fact very satisfied with the software and can't really think of anything that is missing. Perhaps a function that would enable us to show a flat design in perspective, a simple 3D functionality, and weave simulation.*
The value of this is relative; we are capable of producing samples very quickly. A sample order can be completed within a day.
The new software, which offers integration between Texcelle and AutoCAD, might be a good addition for us."

"Using NedGraphics' Texcelle, I can develop concepts and produce samples within 24 hours and thus respond very quickly. And quick response is a must nowadays." Henk Ramakers, designer

5 Report of the Board of Directors

Operational review 2007

As was already announced in 2006, 2007 has been a year of transition for Blue Fox. 2006 Saw the implementation of a far-reaching turnaround. In the course of 2007 a number of operating companies were sold in order to meet the repayment obligations. The result on the sale of the operating companies was € 6.5 million and these sales generated sufficient cash to reduce Blue Fox's debt exposure to a minimum, thus creating a solid basis for refinancing. The borrowing requirement for 2007 was secured by the issue of new shares, which raised € 1.6 million, and the conversion of a convertible subordinated loan of € 850,000.

Early 2007, Blue Fox announced the sale of its subsidiary Carrier to Carrier Telecom. Carrier to Carrier has been non-core for Blue Fox since several years, and the intention to sell this activity was announced in previous reporting periods. In April 2007, the company sold the activities of its operating company NedGraphics CAD/GIS to IT company CADAC in Heerlen. In May 2007, Blue Fox finalised the sale of its subsidiary Pollux, after receiving shareholders' approval during an Extraordinary Meeting of Shareholders. The result on the sale of the operating companies was € 6.5 million.

The commercialisation of the Microsoft ERP software was a major challenge to the company. First of all, we had to ensure that, following technical certification in January 2007, the software would be added to the Microsoft price list as Microsoft AX for the Textile and Apparel sector. In August 2007 the commercial agreement with Microsoft was signed, some months later than expected. Microsoft considered finding a solution for Blue Fox's precarious financial situation in particular a secondary condition for the closing of a commercial agreement. Following the signing of the agreement, it took until 1 October 2007 before the software was in fact placed on Microsoft's product list in the USA, Italy, Belgium and India. Other important potential markets have since followed.

At the time the agreement was signed, Porini expected to realise the first significant sales in Europe and the USA in the second half of 2007. Despite the fact that the first agreements were closed with new clients in the second half of 2007, the high expectations have not been realised yet. The agreements closed were relatively small in size, while the major prospects, both in Europe and in the USA, are taking more time to decide than anticipated. Another significant challenge for our subsidiary Porini is the transformation from a direct into an indirect sales organisation, with the software being sold via a worldwide network of qualified Microsoft Resellers. Although major progress has been made there is a major dependence on Porini's specialist know-how and it is likely to take considerable time before the indirect sales channel can close orders and implement the software independently.

The other main activity of Blue Fox, the Nedgraphics CAD/CAM software, realised a good improvement in the year under review. Revenue remained virtually unchanged compared to 2006, but increased by 5% when adjusted for the effects of the increase of the euro against the US dollar. The cost reduction measures launched in 2006 have borne fruit. While the operational result was still negative in 2006, partly as a result of the restructuring provisions, we realised an operational result of almost 20% of revenue in 2007.

Looking at the overall results of the Textile and Apparel Software division for the full year 2007, we can note that major improvements were realised in our position on the CAD/CAM market and that NedGraphics had a good year. However, we also see that the start-up losses in the ERP software, including the necessary investments to set up the new sales organisation for this software, will continue to have a negative impact on the results of the company.

Lastly, the holding costs were relatively high in 2007, due to the costs of realising the turnaround. As a result of the combination of the start-up losses in the ERP software with the high holding costs, the overall operating result on continued operations for 2007 is € 2.0 million negative (2006: € 6.7 million negative).

The strategic challenges in the CAD/CAM market and especially in ERP software, combined with the relative high holding cost as compared to the continued operations, have led the company to investigate the option to search for a strategic partner. In the second half of 2007, a substantial number of talks were conducted with potential partners. As the majority of the partners in the talks considered the combination of CAD/CAM and ERP software activities incompatible, we decided to explore the option of continuing the activities as two seperate operations by the end of the year.

Financial

Results Blue Fox ended 2007 with a net profit of € 4.6 million (2006: € 6.6 million loss). The net profit was mainly the result of the sale of activities, which netted € 6.5 million. The operating result for 2007 amounted to € 1.3 million negative (2006: € 6.8 million loss, excluding non-recurring costs: € 3.2 million).

All activities in the Engineering en GIS-software segment were sold in the first half of 2007. In 2007 this segment contributed € 10.1 million to sales and € 0.7 million to the operating result (2006: € 27.4 and € 0.1 loss). The sale of operating companies in this segment resulted in a book profit of € 5.7 million. The results of this segment are classified as 'Discontinued Operations' in the financial statements.

In addition to the activities in the Engineering and GIS software segment the operating company Carrier to Carrier Telecom was divested in 2007. This sale resulted in a book profit of € 0.8 million.

The continued activities include the CAD/CAM (NedGraphics) and ERP (Porini) activities, which together form the textile and apparel software division. The net revenue of the textile and apparel software division decreased with 5.8%, to € 16.1 million (2006: 17.1 million), mainly as a result of the delay in the roll-out of the Microsoft ERP software and the negative exchange rate effect on sales in the US. Despite the reduced sales, the operating result of this division improved to € 0.2 million, against an operating loss in 2006 of € 2.1 million. This improvement can be attributed to the CAD/CAM activities within the division, which recorded an improvement of the operating result from a € 0.5 million loss to a profit of € 1.9 million. The ERP activities still turned a loss, mainly because of start-up costs and large investments.

As a result of the operational turnaround and the restructuring of Blue Fox's financial position, the costs for the holding were relatively high in 2007. Adjusted for discontinued operations the operating loss for the group as a whole was € 2.0 million (2006: € 6.7 million loss).

Cash flow, investments, financing Despite the operating loss, the operational cash flow in 2007 was € 0.5 million positive (2006: € 1.6 million positive). The cash flow from investments was on balance € 3.9 million positive (2006: € 3.6 million negative) as a result of the proceeds from the sale of activities.

In the course of 2007 Blue Fox repaid a € 2.0 million bank loan and converted a € 850,000 convertible subordinated loan. In addition, a € 1.3 million convertible subordinated loan was refinanced by means of a long-term loan of € 1.5 million, to be redeemed on 30 June 2009. This resulted in a negative cash flow from financing activities of € 0.2 million (2006: € 1.4 million positive).

The total change in cash and cash equivalents in 2007 amounted to € 4.2 million positive (2006: € 0.6 million negative) and was used to pay off the temporary credit facility.

Balance sheet Fixed assets declined from € 15.0 million to € 13.0 million, mainly as a result of the sale of the software developed in-house that formed part of the divested CAD/GIS activities.

Due to the negative results in the past few years, Blue Fox has losses that may be carried forward. To the extent that this deferred tax asset due to losses carried forward exceeds the deferred tax liabilities (on balance approximately € 4.3 million), these are not valued, since there is no certainty that they may be compensated in the near future with taxable profits.

At the end of 2006 a provision of € 1.3 million was included in the balance sheet for restructuring costs and costs related to the termination or renegotiation of commercial contracts. At the end of 2007 an amount of € 124,000 remained.

Shareholders' equity increased from € 3.2 million as per 31 December 2006 to € 10.3 million as per 31 December 2007. This € 7.1 million increase includes the net profit in 2007 of € 4.6 million, the increase in capital due to the issue of new shares to an amount of € 2.4 million, and exchange rate differences on/in participating interests. As a result solvency rose to 47.6% at year-end 2007, from 10.7% at year-end 2006.

As a result of the issue of new shares the total amount of ordinary outstanding shares, with a nominal value of € 2.00 each, increased by 26% compared to year-end 2006, to 4,433,702 at the end of 2007.

Outlook The costs for the holding have been high in 2007, due to the implementation of the turnaround. These costs will continue to be relatively high in 2008 as well, compared to the size of the continued operations of Blue Fox.

Currently our research and development activities are located in Vianen (Netherlands) and in Bucharest (Romania) for the CAD/CAM software and in Lomazzo (Italy) for the ERP software. No significant changes on this matter are expected for the coming year.

The forecasted investments in fixed assets will not significantly differ from the 2007 investments.

For the time being, the start-up losses on the ERP software, including the investments necessary to realise the full potential of this software, will continue to have a profound effect on the company's result. Porini is expected to have a net borrowing requirement through to 2009, resulting in a cash flow that will continue to be negative in 2008 as well.

It is expected that if Blue Fox continues to exist as independent company, it will improve its operating results compared to 2007 but will on balance remain negative in 2008.

Talks with various parties in the search for a potential strategic partner met with no success. Because Blue Fox's activities are considered too divergent for the parties concerned, it was decided at the end of the reporting year to explore the possibilities for each of the activities separately.

Staff and organisation

The human resources policy within Blue Fox focuses on skills and talent development. We have a decentralised approach to the operating companies based on worldwide HR standards.

The operating companies of Blue Fox mostly hold top positions within their respective market segments. Entrepreneurship is stimulated universally throughout the Blue Fox organisation, as most operating companies are organised in smaller units which operate with a certain level of autonomy. The directors of the operating companies are responsible for the commercial and financial developments with regard to their company and they

report to the Board of Directors. This management approach creates a mentality of speed, flexibility and leadership with short communication lines, making the best possible use of the knowledge and know-how of Blue Fox's people and the quality and reputation of its products and services.

In each operating company attention is paid to training and development of the staff members. Both internal and external training courses are given to groups of staff members. In addition, individual staff members are encouraged to follow external training courses that benefit the position they hold.

The HR policy focuses on a competitive remuneration policy, the development and introduction of a sound career development and mobility policy, as well as the implementation of a worldwide performance management system. Management development and succession planning are also a focus of attention.

The average number of staff members decreased from 331 to 215 FTE's. The average for 2007 includes three and four months of staff for NedGraphics CAD/GIS and Pollux respectively; the average for 2006 includes the full year of staff for those entities, as well as staff from other disposed subsidiaries (Brazil, Reset and C2C).

For at the continued operations, the average number of staff decreased from 218 in 2006 to 192 in 2007 - a decline of 12%. This is the result of the reorganisation in the Textile and Apparel division that was initiated in 2006 and was finalised early 2007.

At year-end 2007, Blue Fox had 193 staff members, compared with 305 at year-end 2006 (211 FTE in continued operations).

amounts in thousands of euros	2007	2006
Continued operations		
Staff members (in average FTE)	192	218
Average contribution per FTE		
to gross margin	78	86
Average wage costs per FTE	54	63
Continued and discontinued operations		
Staff members (in average FTE)	215	331
Average contribution per FTE		
to gross margin	81	81
Average wage costs per FTE	53	54

Now that the GIS division has been sold, virtually all personnel work in the Textile and Apparel division, apart from 6 FTE's that work for the holding company. Of the 186 staff members that work for the T&A division, an average of 101 staff members work in CAD/CAM and 85 work in ERP. The FTE's that work for the holding include both staff on the payroll as well as long term hired in personnel.

The workforce of Blue Fox is very international and we have approximately 23 nationalities. Of total staff, 75% work in Europe, with 37% of these in the Netherlands. The remaining employees outside of Europe are mainly stationed in the USA and China. No major changes in the composition of the workforce of the continued operations are expected for 2008.

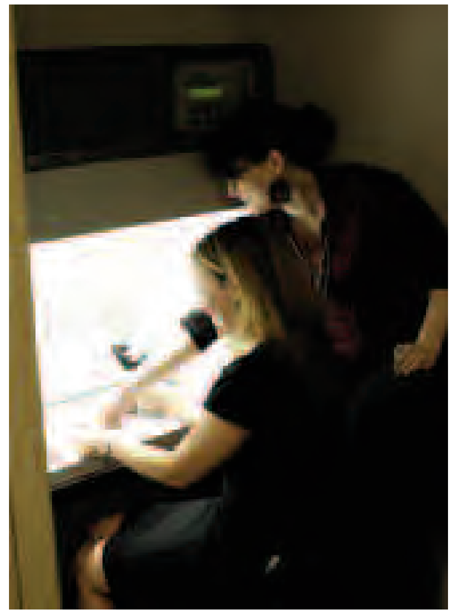
name Joanna Tripp Ortiz
position CAD Director
company Vandale Industries, manufactures intimate apparel

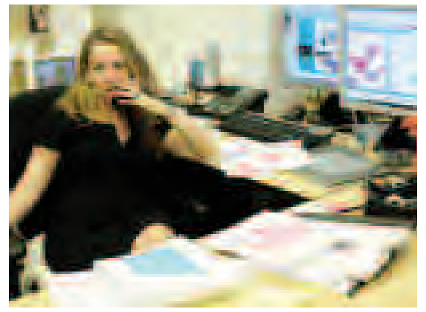
"Our company is expanding at a very fast pace. Our designers, who co-develop private label lines, have to be extremely productive and therefore rely on CAD. Our systems have to be fast and easy to use; we cannot waste time learning complex systems and training new users."

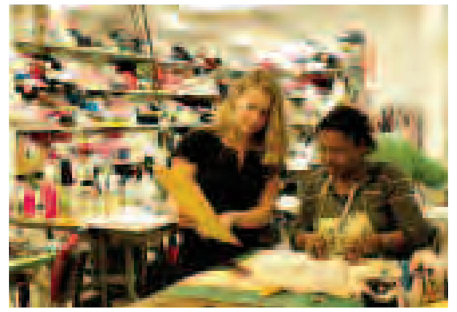
Vandale USA

Vandale Industries - Manufacturers of intimate apparel, omnipresent in private label

Vandale Industries manufactures a wide range of women's intimate apparel products. Products include: bras, panties, sleepwear, foundations, cami sets and corsets. Customers include mass marketers such as Wal-mart and Kmart, as well as specialty retailers such as Victoria's Secret. Vandale's corporate headquarters are located at 180 Madison Avenue, in New York's fashion district, and is home to 75 employees including 25 designers.
The CAD department, headed by Joanna Tripp Ortiz, develops intimate apparel in close co-operation with Vandale's customers. More than seven designers work on graphics, style, color, packaging, as well as the merchandising of new collections and products.







Joanna Tripp Ortiz and her CAD Team develop the finest intimate apparel

Can you describe Vandale Industries? *"Vandale Industries manufactures intimate apparel. Albert Ades, one of the owner's, started the company back in 1982. In essence, it is a family-run business with the bulk of our product being private label.*
On average, we do about four seasonal collections per year for our clients. These include department stores, mid-tier, specialty & mass merchandisers with names such as JCPenny, Mervyns, Victoria's Secret, Ross and Lane Bryant."

What is your role in the company? *"I started with Vandale about 10 years ago. In fact, I was their first designer. Shortly after that we started with CAD systems. The systems we deployed at that time were very complex. It took us months to get used to them. Luckily that has changed with NedGraphics. When new designers join the team, a five-day course is enough to have them up and running.*
The CAD department, which falls under my supervision, has grown steadily. My team and I are responsible for color development, textile design, graphic design and merchandising. The department is key in supplying our demanding customers with new ideas and collections and works closely with sales, customers, operations and fabric manufacturers."

Which Blue Fox solutions help you to achieve your goals? *"We use the entire Fashion Suite from NedGraphics, a mix of the pro and regular versions. Design and Repeat is a great tool to develop prints and patterns, Easy Coloring allows us to get the colors right. We rely heavily on Storyboard and Cataloging to create product presentations. It is compatible with Adobe products used by designers who use Illustrator to develop silhouettes.*
As merchandising and shop lay-outs are becoming more and more important, we use a mix of tools, including Easy Map, to create photorealistic presentations of product packaging, merchandising and store lay-outs."

What makes you passionate about these solutions and why? *"The Blue Fox NedGraphics software enables us to work fast and efficiently to meet our deadlines. This is crucial to be effective in the private label business. Previously, it would take us months to master our CAD system, but with NedGraphics it is a matter of days, as it is so much easier and user-friendly. With their office just a few blocks away we also get the service and attention we require. We are glad to see that our new feature requests are taken seriously; a lot of functionality we ask for is actually implemented in the new releases we get."*

What future developments would help you to better achieve your goals? *"Our goal is to always try and make our CADs as real and lifelike as possible. In intimate apparel, one of our biggest challenges is galloon laces and trims. If there were a tool that allowed us to fill with direction or draw with a pattern, that would help us present more realistically. Our next step in presentations will probably be 3D merchandising. The ability to show our customers not only what the product will look like but also how it will look at their point of sales would be a tremendous tool."*

"We are an expanding company that relies on CAD to be successful in our niche, the private label intimate apparel business. As we grow and add designers to the team we have to rely on an open user-friendly system that can be mastered in days rather than months. Blue Fox NedGraphics provides us with this solution. It helps us to be fast and customer focused." Joanna Tripp Ortiz, CAD Director

6 Report of the Supervisory Board

We hereby present the financial statements for the financial year 2007, as prepared by the Board of Directors and adopted by the Supervisory Board, as well as other information concerning Blue Fox Enterprises N.V. The financial statements for 2007 have been audited by KPMG Accountants N.V. An unqualified auditor's report has been issued, and this can be found on page 68. The financial statements and the auditor's report were discussed in the presence of the external auditor on 12 March 2008.

At the forthcoming Annual General Meeting of Shareholders, which will be held on 23 May 2008, we recommend the shareholders to approve the financial statements for 2007 in accordance with the documents as presented. Furthermore, we recommend that the Board of Directors be discharged with respect to its management and the Supervisory Board be discharged with respect to its supervision. We propose that you approve the proposal of the Board of Directors not to pay out a dividend.

Composition of the Supervisory Board In January 2007, both Mr. Pierre Pellenaars and Mr. Ton Pannekoek expressed their intention to resign from the Supervisory Board as per the date of the Annual General Meeting of shareholders on 25 May 2007. Mr. Pellenaars has served the Supervisory Board of the company and its predecessors for a period of almost 17 years while Mr. Pannekoek was given the mandate in 2002.
We would like to thank both gentlemen for their commitment and input, which have been very helpful during the course of the years and in the very recent past of the company.

Given the position the company has found itself in and its divestment strategy, it has been decided to streamline the Supervisory Board and bring its number of members in line with the size of the company. From 25 May 2007 onwards, the Supervisory Board consisted of two members, Mr. Leon van den Boom and Mr. Servaas Houtakkers, the latter in his capacity as Chairman of the Supervisory Board.

The Chairman of the Supervisory Board has acted as delegated supervisory director since May 2006. Therefore, he does not comply with provision III.2.2 of the Code Tabaksblat. The other member is independent as meant in that provision.

The members of the Supervisory Board fit the profile that has been drawn up by the Supervisory Board, in consultation with the Board of Directors. This profile takes account of the nature and the current activities of Blue Fox and the desired expertise and background of the members of the Supervisory Board. The profile can be found on the website of the company.

A Member of the Supervisory Board will not be available for (re)appointment if that member has already served three consecutive periods of three years on the Supervisory Board of Blue Fox Enterprises N.V.

Report on the past year The Supervisory Board and the Board of Directors met 10 times during 2007. In addition, there have been formal telephone conferences and various informal contacts, both between the Supervisory Board and the Board of Directors and between the members of the Supervisory Board.

During these meetings, much attention was devoted to the necessary turnaround of Blue Fox. Other main topics on the agenda of meetings included the definition of the core business of the company and a related divestment program. Special attention was paid to the Dutch operating company Blue Fox NedGraphics BV and Blue Fox Porini Srl., our Italian subsidiary. The latter in its position in the Microsoft Industry Builder Initiative program. For both companies, market developments and Blue Fox's competitive position have been discussed, as well as the performance of the company. Improvement of the corporate governance structure and amendments to the articles of association were also on the agenda. A more detailed overview of the progress in corporate governance can be found in a separate section on page 23 of this annual report.

The Supervisory Board had separate sessions with the Board of Directors regarding the company's strategy. After these sessions, updates on the progress made with the implementation of strategic initiatives were discussed in various subsequent Supervisory Board meetings.

The Supervisory Board has discussed the plenary financial reports with the Board of Directors in detail. Subjects discussed during the meetings of the Supervisory Board included the sales and margin developments, operating expenses and development costs, as well as results, balance sheet ratios, budgets and outlook. Further attention was also given to the plans to improve the financial performance of Blue Fox and the execution of those plans.

The Supervisory Board has met four times in the absence of the company's Board of Directors. The company's independent auditor, KPMG Accountants NV, has briefed the Supervisory Board on the findings of the audit with regard to the financial year 2007, in its meeting of 12 March 2008.

The Board convened the Annual General Meeting in May and two Extraordinary General Meetings in May and June 2007. During the Extraordinary General Meeting on 3 May 2007, the divestment strategy was presented and discussed, followed by the approval of the divestment of Pollux by the shareholders.

Composition of the Supervisory Board

	nationality	(re-)appointment	resignation
S.L.M. Houtakkers	Dutch	August 2005	2008
P.A.M. Pellenaars	Dutch	August 2005	May 2007
T. Pannekoek	Dutch	August 2005	May 2007
L.P.E.M. van den Boom	Dutch	August 2005	2008

Selection and nomination In 2007, the Board of Directors consisted of only one member, and for future periods the Supervisory Board will carefully consider whether expansion of the Board is needed given the situation of Blue Fox.

Remuneration The current sole member of the Board of Directors had a contract for an initial period of one year and has thereafter continued his activities under the same conditions. Details regarding the remuneration can be found on page 67 of this annual report. As in previous years, the detailed remuneration criteria used by the Supervisory Board will not be disclosed, as this may constitute competitive information.

Report from the Audit Committee Until 25 May 2007 (resignation of Mr. Pellenaars as a member of the Supervisory Board) the Audit Committee consisted of Mr. Pellenaars and Mr. Van den Boom. The Audit Committee subsequently comprises Mr. Houtakkers and Mr. Van den Boom, both members of the Supervisory Board. The Audit Committee controls and assesses the financial reporting processes of Blue Fox, as well as the expert investigation carried out by the external auditor. The Audit Committee met two times during the past year. In these meetings consultations were held with KPMG and the corporate controller on the production of the financial reports. In addition, the internal financial reports were presented to the Supervisory Board and were subsequently discussed in great detail with the Board of Directors. In 2007, the Audit Committee devoted special attention to the effects of the divestment process on the financial position and the subsequent refinancing of the company.

External auditor KPMG, represented by partner Mr. Jan Boer, acted as auditor of the company. Its nomination was approved by the Annual General Meeting of Shareholders on 25 May 2007.

In conclusion The Supervisory Board would like to express its gratitude to the management and employees of the company, both in the Netherlands and abroad, for their efforts and commitment to Blue Fox Enterprises N.V. Despite the difficult times we went through and the changes made to the company this year, we managed to create a better position for the company during the year under review.

Vianen, 10 April 2008

The Supervisory Board
Servaas L.M. Houtakkers, Chairman
Leon P.E.M. van den Boom

7 Corporate governance

General Blue Fox Enterprises attaches great importance to corporate governance. In recent years, we have discussed in detail the Dutch Code on Corporate Governance, issued on 9 December 2003 (also commonly referred to as the Tabaksblat Code) in the annual report. The Board of Directors and the Supervisory Board of Blue Fox endorse the Code. Within the framework of this Code, a company's stakeholders include staff members, shareholders and other providers of capital, financiers, suppliers, customers, as well as governmental authorities, social groups and factions. The Board of Directors and the Supervisory Board of Blue Fox are responsible for striking a balance between the interests of these stakeholders, while taking into account the continuity of the company. Therefore, best practice principles with regard to corporate governance are reflected in the management structure and Articles of Association of the company, as far as these are deemed applicable and are in the interest of all stakeholders.

In accordance with the recommendation of the Tabaksblat Committee to 'comply or explain', the company's corporate governance practice was placed on the agenda of the Annual General Meeting of Shareholders in May 2006. Shareholders had the opportunity to voice their opinion on the way the company interprets compliance with the Code. A description of Blue Fox's corporate governance policy, including the relevant regulations and reports, can be found on the website. The policy is reviewed periodically and amended if necessary.

Deviations from the Code Blue Fox complies with most of the main recommendations and provisions of the Code. The main deviations from best practice provisions are listed below.

- *provision II.2.7: maximum remuneration in the event of dismissal for Members of the Board of Directors and the Supervisory Board* Regarding the remuneration in the event of dismissal, it had always been the company's policy to make a severance payment, which is reasonable, based on the contractual situation, social developments and jurisprudence. As long as no amendments are made to the statutory regulations regarding employment conditions of company directors, the Supervisory Board will continue its current policy.

- *provision III.4.3: company secretary* The Supervisory Board believes such organisational and administrative support of its work is (at the moment) unnecessary.

- *provisions III.1.1 and III.5.1: division of tasks by the Supervisory Board and regulation for the audit committee* Due to the size of Blue Fox, these provisions have not been implemented and, consequently, the regulations concerned are not disclosed on the Blue Fox website.

- *provision IV.3.1: advance announcements of Investor Relations Meetings* The Blue Fox Investor Relations policy is aimed at complying with the best practice provisions in the code. However, the cost associated with the use of the infrastructure required for this are deemed to be disproportionate in view of the size of the company and the limited number of investors who are expected to actually use these facilities.

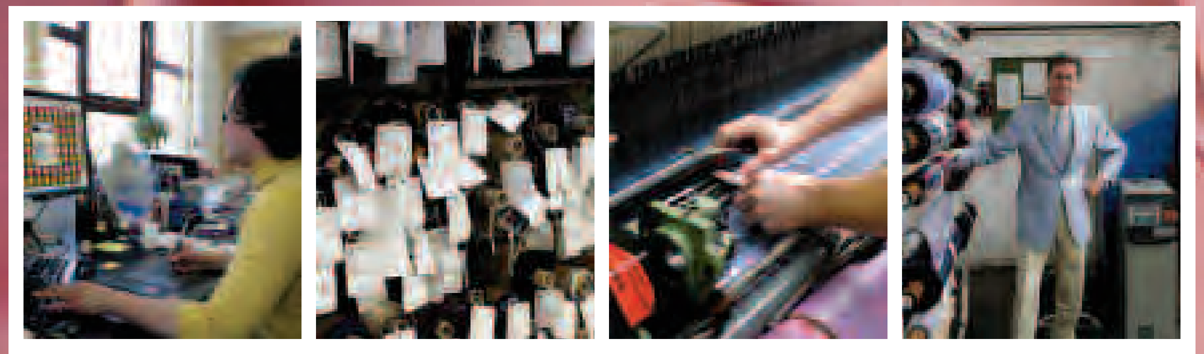
name Michael Cunha
position IT Manager
company Vanners manufactures silk fabrics for top-of-the-range neckwear, couture and furnishings
website www.vanners.com

"Whereas in the past we could weave long runs of a single design, nowadays runs contain a multitude of designs and colorways. Vanners' silks have to keep up with seasonal fashion trends. With seasons being split into early, mid and late we turnout a huge number of designs. This design explosion has made the organization of the different processes such as design, sales, production and logistics quite a challenge."

Vanners UK

Vanners - silk weavers since 1732 specialized in top of the range neckwear

Vanners in Sudbury is one of the oldest companies still designing and weaving silk fabrics in England. Vanners specializes in the niche markets of top of the range neckwear, couture and furnishing fabrics. Vanners offers its customers a bespoke service, using the finest craftsmanship, the best materials, such as silk and cashmere, combined with individuality and feeling to create intricate, finely woven designs. Vanners is the name behind the tie, whilst the name under which the tie is bought could be Brooks Brothers, Burberry, Duchamp, Ralph Lauren or Turnbull and Asser.
At its historical site in Sudbury, Vanners completes every stage of the manufacturing process: dyeing, warping, weaving, design and finishing. Michael Cunha manages IT at Vanners. With more than 50 information workers, including 20 CAD users, several servers to store the digital design archive and a 100% computerized network linked to the electronic jacquard looms, IT is omnipresent.



Michael Cunha, on top of Vanners' IT operations

Can you describe Vannners? *"Vanners manages the entire manufacturing process, from raw silk to woven fabrics, right here in Suffolk, England. We process silk, dye yarns, prepare warp beams, weave, finish and inspect our silks, offer confection and logistic services. Each week we introduce close to 150 new textile designs. Our creative team develops new collections and works closely with customers to translate ideas into reality, combining color, pattern and texture. The CAD department translates these concepts into jacquard files, ready to be sent to the computerized jacquard looms. The operations require the expertise and teamwork of 120 colleagues, from trained designers to sales personnel, from machine workers to CAD designers."*

What is your role in the company? *"As the head of IT, I manage IT operations for the entire company. My role includes envisaging Vanners' future IT requirements and making efficient business decisions that best meet those needs.*
In order to maximize our IT output, Vanners also collaborates with industry experts like Dell, Microsoft and NedGraphics for our textile specific software applications. The IT team facilitates this collaboration."

Which Blue Fox NedGraphics solutions help you to achieve your goals? *"We use the entire jacquard and weave software palette from Blue Fox NedGraphics. Texcelle is used by our creative and CAD teams for sketching, Jacquard Pro is used by the CAD department to apply the weave structures and produce the jacquard data, while we use WeaveGate to send and convert this data on the fly, Dobby Pro is used to create check and stripe designs. We have a customized version of DesignCOM that serves as our digital design archive and has been extended to other operations."*

What makes you passionate about these solutions and why? *"NedGraphics has been constantly reviewing the requirements of the textile industry in relation to its solutions. This has resulted in important improvements. Jacquard Pro, for example, has helped us to improve the efficiency of our design production. DesignCOM added value to our design archive management. More importantly, DesignCOM helped us to integrate various processes, and has resulted in significant time savings and efficiency gains."*

What future developments would help you to better achieve your goals? *"We would like to see further improvements of customer-friendly tools in DesignCOM. The developments in fabric simulation that NedGraphics has made recently look promising and we would like to extend these to DesignCOM using our own yarns."*

“In order for Vanners to follow the hectic trends of the fashion trade, we needed a software solution that allowed us to ‘bring it all together’ - design, sales, archiving, order processing and manufacturing. DesignCOM has helped us to integrate our processes.” Michael Cunha, IT manager

8 Shareholders’ information

General The shares of Blue Fox Enterprises N.V. have been listed on Euronext Amsterdam since 21 May 1999. As at 31 December 2007, the number of outstanding Blue Fox Enterprises N.V. shares was 4,433,702 (2006: 3,512,120). Two rounds of share issues took place in 2007. In May 2007, the option to convert a € 850,000 convertible bond at a conversion price of € 2.74 has been exercised by its holder, resulting in an issue of 310,582 ordinary shares. In June 2007, Blue Fox has issued 611,000 ordinary shares for a price of € 2.70 through a private placement.
No stock options were exercised by staff members. As far as Blue Fox can ascertain, most of the shares are held by Dutch institutional and private investors.

Pursuant to the ‘Wet Melding Zeggenschap’ (WMZ, the Act on Disclosure of Major Holdings in Listed Companies), an interest of 5% or more in the capital of Dutch listed companies must be reported. In addition, the passing of certain boundaries of percentage ranges in share holdings must be reported. The following table is a review of the interests as at 31 December 2007, based on the latest information received.

Shareholders

	interest in %
Todlin N.V.	12.7
D. Lindenbergh (through Blikkenburg B.V.)	10.2
F.L.H. van Delft (through Bibiana Beheer B.V.)	9.0
Vereniging Friesland Bank	8.0
Driessen Beleggingen B.V.	5.9
Generali Holding Vienna AG	5.7
J.H. de Groen (through De Kolk Beheer B.V.)	5.2
Beleggingsmij West-End B.V.	5.1

key figures per share [1]

in euros	2007	2006
Net result	1.16	-1.87
Shareholders’ equity	2.59	0.92
Highest share price	3.50	5.12
Lowest share price	2.00	2.33
Closing price as at 31 December	2.45	2.83
P/E ratio as at 31 December	2.11	-1.51
Market capitalisation as at 31 December	10,862,570	9,939,300
Number of transactions	5,738	4,073
Average trading volume per day	15,308	9,041

[1] Based on average number of outstanding shares

Staff options The table on the next page presents an overview of option rights granted and outstanding options at year-end 2007. The options were issued to staff members with permanent contracts, up to a maximum of 2% of the number of shares outstanding. As of 2003, members of the Supervisory Board of Blue Fox no longer receive stock options. For 2005, 2006 and 2007, the Board of Directors and Supervisory Board decided not to grant any options to employees. In chapter 10, the notes to the 2007 company financial statements state the numbers of outstanding stock options of the members of the Board of Directors and the Supervisory Board.

Dividend policy In view of Blue Fox’s situation in 2007, the company has paid no dividends in the past year. A healthy balance between the company’s capital and borrowings, in relation to the assets that can be financed within the company, is of great importance in this respect. Given the current solvency and financing structure, for the time being it is prudent for the company not to pay out a dividend.

Prevention of insider trading Blue Fox has drawn up Insider Trading Regulations in accordance with the model of the VEUO *(Vereniging van Effecten Uitgevende Organisaties - the association of share issuing organisations)*, which has been approved by the Authority Financial Markets (AFM).

Blue Fox has made a large group of staff members and advisors sign the Insider Trading Regulations. The Insider Trading Regulations of Blue Fox include a ban on trading in Blue Fox shares during an eight-week period prior to the first publication of full-year results and a three-week period prior to the publication of half-year results. There is also a ban on reversing a transaction within six months, in order to reduce or eliminate the risk. An exemption in writing from this ban can be given by the Compliance Officer. No exemptions were given during 2007.

Investor Relations Blue Fox greatly values a good relationship with its shareholders. In the interest of fair disclosure, all new material information is disclosed through the timely and simultaneous distribution of press releases on relevant issues concerning Blue Fox. In addition to the financial results, the company will also furnish broad information on its strategic choices and objectives. Blue Fox observes a ‘silent’ period during which it holds no road shows or interviews with potential or current investors. For the annual figures, this period covers the eight-week period prior to the first publication of full-year results and a three-week period prior to the publication of half-year results. Relevant information for potential and current shareholders may be found on the Blue Fox website under the link ‘Investor Relations’. Direct questions from investors may be directed by e-mail to info@bluefox.nl.

Staff options

	date granted	term	issued options	outstanding options	exercised / cancelled	exercise price (€)
	May 2003	2008	33,980	11,840	22,140	5.80
	May 2004	2009	27,400	9,780	17,620	6.34
	Total		**61,380**	**21,620**	**39,760**	

The Amsterdams Effecten Kantoor (AEK) acts as liquidity provider for Blue Fox shares. The liquidity provider publishes research reports on the company at least twice a year.
Contact details:
Amsterdams Effecten Kantoor (AEK),
Herengracht 208-214
1016 BS Amsterdam
Telephone + 31 (0)20 530 63 00

Important dates

23 May 2008
Annual General Meeting of Shareholders 2008

1 September 2008 */**
Presentation first-half results 2008

17 March 2009 */**
Presentation full-year results 2008

26 May 2009 **
Annual General Meeting of Shareholders 2009

1 September 2009 */**
Presentation first-half results 2009

* before trading hours
** provisional

9 Risk & Control

Entrepreneurship involves risks. Blue Fox operates in a highly dynamic and international environment. As a consequence, managing and controlling risks requires that specific characteristics have to be taken into account. The following section identifies the main risks which could affect the achievement of the business objectives of Blue Fox.

Market risks *Competitive position* The company aims for a top three position in all CAD/CAM/ERP segments in which it operates. In view of this ambition, the ability of Blue Fox to distinguish itself from its competitors in the market is of great importance. That is why Blue Fox focuses on professional markets and on providing its customers with integrated software solutions. Reliability, improving productivity, sustainability, user friendliness and a low cost of ownership are important elements in this strategy.

As a global player, Blue Fox is forced to comply with the global needs and requirements of its customers, which could result in investments and start-up costs to open new locations worldwide.

Exposure to economic developments A large part of the company's sales relate to income from the sale of software licenses, as well as the provision of related services such as maintenance, support and training related to the company's proprietary software solutions. Sales of software licenses and related consultancy services are mostly non-recurring. On the other hand, the income from maintenance and support contracts is largely recurring business. The non-recurring income in particular has high exposure to fluctuations in economic conditions, while this applies to a much lesser extent to recurring income.

Software development Software development is a critical success factor for Blue Fox. The innovation-focused policy comes with specific risks which are inherent in investing in the development of new technologies and new functionalities. These new developments must not only meet operating requirements, but will also have to find a place in the market to result in value creation. Software development demands specific and continuous attention if it is to result in successful new product launches.

Seasonal influences Historical data indicate that sales are typically not spread evenly throughout the year. Blue Fox realises an important part of its sales and profit in the fourth quarter. If sales in the fourth quarter do not rise to a level that is significantly higher than the preceding quarters, this will have a relatively strong negative impact on the full-year results of Blue Fox.

Spread of sales Blue Fox has an extensive worldwide client base. As a result of the spread of sales and the related results, the company's overall results depend only to a small extent on the realisation of (some) major orders. Blue Fox usually records only a limited number of very large orders per year, which large orders mainly relate to sales of ERP software solutions. These relatively large orders have a direct impact on the realised sales and the result.

The geographical spread of the sales of Blue Fox contributes to the stability of the total income flow.

Operational risks *Illegal copying of software* Safeguarding the authorised use of software solutions is of great importance to Blue Fox. In practice there is always some danger that the software developed or distributed by Blue Fox is copied illegally. With the help of an authorisation code and a hardware key-lock, Blue Fox has limited the risk as much as possible. Blue Fox cannot estimate the loss of sales by unauthorised use and illegal copying of the software developed by Blue Fox or distributed by Blue Fox for third parties.

Economies of scale Blue Fox is an international organisation with an extensive worldwide network of sales and distribution offices. Blue Fox has specialised in supplying the textile and fashion industry internationally with software solutions in the field of automation of design, production and resource planning. The textile and fashion industry represents a relatively small niche market within the greater market for ICT products and services. The international structure of Blue Fox, whereby the company aims to provide the best possible service to its (local) customers, is sometimes at odds with the actual size of the various sales and distribution offices. The international operations are generally complex and demand a great deal of attention from management. International sales and distribution organisations have a relatively high cost structure, due to the limited possibilities that exist for exploiting economies of scale on a global basis.

Third-party software For a number of products, Blue Fox depends on third-party support software. This support software consists, among other things, of operating systems and specific programming languages, as well as separate modules which are being used. The adequate functioning of the software developed by Blue Fox therefore (partly) depends on the adequate functioning of third-party software. By applying application and module tests, Blue Fox aims to obtain the earliest indication of possible technological problems.

Technological risks *Risk of product defects* New versions of Blue Fox's complex software programs may contain undetected errors or bugs which, despite testing, will be discovered only after a product has been installed and used by customers. To date, Blue Fox's business has not seen any material adverse effects from the release of new products and releases.

Software platform The programming languages, technologies and platforms used by Blue Fox have to match and must continue to

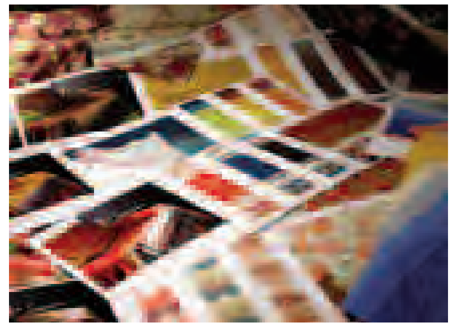
name Paolo Stella
position Chief Information Officer
company Zuchi Group, manufacturer and retailer specialized in household linen
website www.gruppozucchi.com

"Our company, Zucchi Group faces enormous challenges to manage the processes required to continuously introduce new collections and update our existing ones. We produce more than 150 collections, and on average each comprises of more than 200 products. That is a lot of items and data to keep track of. As we rely on our own manufacturing sites, as well as a growing number of external sources in China, Pakistan, India and Turkey, product data management is big and very complex."

Zucchi Group Italy

Zucchi Group - a vertically integrated group with a 100% focus on household linen

With a turnover of € 300 million and 2000 employees in Europe, Zucchi Group is the leading manufacturer of household linen. It holds strong positions in its domestic markets Italy, France and the rest of Western Europe. In Italy Zucchi and Bassetti are well known trademarks; in France and elsewhere Descamps is strong. Licensed brands include Diesel, Lacoste and Laura Ashley.
The group delivers directly to its proprietary retail network of more than 365 stores, private label customers, as well as specialty retailers. Zucchi's corporate headquarters are located in Rescaldina, near Milan in Italy.
The corporate IT department, headed by Paolo Stella, oversees IT at most of the groups operating companies. Paolo is responsible for the harmonization of the technical infrastructure, ERP, and the group's retail infrastructure.



Paolo Stella, Chief Information Officer

Can you describe Zucchi Group? *"Zucchi Group is focused 100% on household linen. It deals with the complete chain, from cotton up to finished products in the store. That involves various processes: design, purchasing, production, warehousing, logistics and retail. A significant proportion of our products end up in our own and franchised Zucchi, Bassetti and Descamps stores.*
Vincenzo Zucchi started the company back in 1920, and our current CEO Matteo Zucchi is the 3rd generation to manage the group. The company grew organically and through the acquisition of various companies in Italy and France. These added strong brands to Zucchi's portfolio, such as Bassetti, Descamps and Jalla. The bulk of our products are sold in our own stores."

What is your role in the company? *"Five years back, I was hired to manage the software selection of a new ERP system. After finalizing this project I was asked by our top management to stay on to manage its implementation.*
I currently supervise the IT team of 26 specialists in Rescaldina, as well as our French IT operations. My department is responsible for the Zucchi Group's IT, which includes ERP, Product Data Management, IT infrastructure, retail IT solutions, warehousing, etc."

Which Blue Fox solutions help you to achieve your goals? *"We use Blue Fox Porini's Visual PDM and DesignCOM. Porini's Visual PDM is used to manage our product specifications. It holds all relevant product data, the specs, colors, SKUs, packaging, production instructions, tariff codes, etc. Given our huge collections, and the resulting number of product items, as you can imagine effective product data management is of paramount importance. As we tend to outsource more products product data management gets even more demanding and important.*
We have looked at various solutions to tackle our product data management problems. Overall Porini scored best. It proved a good vertical solution that fitted the group's needs and was easy to use. The Porini team already knew part of our operations as they had previously completed projects at Bassetti and Mascioni quite successfully"

What makes you passionate about Porini's solutions and why? *"The Blue Fox Porini software was up and running in a relatively short time frame. The project to implement Porini's Visual PDM for the Italian operations was launched late spring 2007 and was operational in November 2007. It has proven its value in the prevention of costly folds and has resulted in a significant lead-time reduction. We get excellent support from Porini's expert team. In fact, their office is just around the corner."*

What projects are you planning for the future? *"We are currently in the process of extending Porini's Visual PDM to include semi-finished products, as well as our Descamps operations in France. We will use the same design and methodologies to harmonize group operations. We expect to accomplish inclusion of Descamps in 2 – 3 months, which is pretty fast.*
After that, the next challenge will be the optimization of the communication with our various production sources overseas."

“Blue Fox Porini’s Visual PDM provides us with the tool to effectively manage and harmonize Zucchi Group’s product data. It is at the core of our operations, given the explosion of collections resulting in a huge number of product items and the growing importance of out-sourcing. It plays an important role in the reduction of lead times and quality folds.” Paolo Stella, Chief Information Officer

match the technological developments and requirements of its clients. Blue Fox has made significant investments in recent years in making its software compatible with Microsoft operating environments. Blue Fox must continue to invest to keep up with the latest technological developments.

Financial risks *International operations* The activities of Blue Fox are exposed to the risks of operating internationally, such as currency fluctuations, general economic developments in certain countries, meeting the requirements of various tax and legal regimes, organisational aspects, unexpected changes in local legislation and regulations, limited protection of intellectual property, varying terms of payment by debtors, trade restrictions and changes in import and cargo rates.

Blue Fox carries out part of its activities outside the Euro zone. These activities mainly take place in the United States and the Asia/Pacific region. The management monitors the currency positions and follows a restricted hedging policy, which covers transaction risks, rather than translation risks. The developments in exchange rates of various foreign currencies, especially the US dollar, may therefore affect the result and the financial position of the company.

Working capital management The item trade debtor is relatively large compared to the other current assets of Blue Fox. Blue Fox devotes much attention to debtors’ payment performance through permanent debtor management. The insolvency of debtors of the Dutch operating companies is partly covered through the use of letters of credit or down payments upon the signing of contracts.

Risk management and internal control The Board of Directors is responsible for the internal control and the management of risks within the company and for the assessment of the effectiveness of these control systems. Such control systems were set up to identify and subsequently manage risks, which could endanger the realisation of the objectives of the company. It should be noted that no single (control) system offers an absolute guarantee against material inaccuracies or losses.

Blue Fox aims to ensure that its risk management activities are in line with the best practices laid down in the Code Tabaksblat (the Dutch Corporate Governance Code). The risk management model developed by Blue Fox is intended to present a practical framework to support the objectives and the assessment of risks and anticipated rewards as identified by the company. The model distinguishes three areas which are subject to particular attention for analysis purposes, these being:

- external factors (i.e. the company's operating environment on both a macroeconomic and industry level) with the consequent strategic risks;
- organisational structure with the consequent internal risks;
- primary and supporting processes with the consequent process and reporting risks.

The main aspects of the formulated risk management model are:

- clearly defined responsibilities regarding risk management;
- assesment of the main risks affecting the company by operational management together with the various members of the local management teams;
- continuous assessment of the quality and effectiveness of the internal controls;
- monitoring of the major risks of the group by the Board of Directors and seeing to it that adequate control measures are taken;
- internal assessment of the performance of all Managing Directors of the operating companies and members of the local management teams with regard to, among other things, their responsibilities, the quality and effectiveness of the internal controls and the process of financial reporting.

The policy of Blue Fox remains aimed at the continuous guarding and improvement of the internal risk management processes, in order to further optimise the quality and effectiveness of these processes and their safeguarding, and adapt these where necessary.

System of internal controls The internal control system contains all elements of internal control and contributes to discipline and structure. The following control measures form part of the internal control system of Blue Fox and serve to secure reliable financial and reporting processes, while also securing an adequate risk management.

Planning & control cycle The planning & control cycle starts with drawing up a budget for each operating company. The main control variable for Blue Fox is the net result before taxation, the Earnings Before Tax (EBT). The Managing Directors of the operating companies have a certain level of autonomy with regard to achieving the budgeted EBT within the agreed framework. Other important control variables are net sales, gross margin and operating result. In addition, Blue Fox controls and manages its operating companies on the basis of a number of company-specific key figures, which may vary per operating company. The operating companies report monthly in accordance with a fixed reporting format. Meetings of the Board of Directors with the Managing Directors of the operating companies are held on a monthly basis. These monthly meetings are used in particular to discuss the operating developments and the required subsequent adjustments to the budgets, in addition to the financial developments.

Blue Fox Accounting & Reporting Manual The Blue Fox Accounting & Reporting Manual contains guidelines regarding the accounting principles that have to be adhered to, as well as instructions regarding the filling out of the reporting forms to be used within the Blue Fox organisation.

Audit Committee Given the size of the company the Audit Committee consists of both members of the Supervisory Board.

The Audit Committee concentrates on the quality of the internal and external reporting, on the effectiveness of the internal control measures and on the functioning of the external and internal auditors.

Internal financial and operational audits In connection with the monitoring and safeguarding mechanisms, internal audits are planned and conducted each year, aimed at securing the quality of the main operating processes and reviewing related business risks. These internal audits cover the financial reporting (financial audits) and the existence and functioning of operating policies and procedures (operational audits). Due to changes in the organisation, the internal audits conducted in 2007 were limited.

Protection of intellectual property rights Blue Fox tries to protect its intellectual property rights as far as the company believes this to be economically viable. Protection of intellectual property is effected through the registration of trademarks, by using confidentiality agreements and non-competition clauses in agreements and by using hardware key-locks and/or embedded software codes in Blue Fox's software to protect it against illegal use.

Directors' regulations All Statutory Directors of the operating companies have signed a copy of the Directors' regulations. These regulations with regard to the limits of their authority identify in which cases the board of the operating company requires prior approval from the Board of Directors for certain decisions, depending - among other things - on the nature or the size of certain businesses.

Code of conduct and whistleblower procedure In compliance with the Dutch Code on Corporate Governance, a code of conduct and a whistleblower procedure were implemented in 2005. The procedure serves to ensure that any alleged infringement of the existing policies and procedures may be reported without the person making the report suffering any negative consequences of his action.

10 Financial statements 2007

Consolidated income statement for 2007

in thousands of euros	notes	2007	2006
Continued operations			
Net revenue		16,054	21,962
Total operating income	[1]	**16,054**	**21,962**
Raw materials and consumables used		1,153	2,937
Changes in inventories		-79	217
Wages and salaries	[3]	10,292	13,798
Social security charges	[3]	1,615	2,094
Amortisation and depreciation	[6,7]	2,684	3,352
Other operating costs	[4]	5,113	9,134
Capitalised production	[7]	-2,765	-2,873
Total operating costs		**18,013**	**28,659**
Operating result		**-1,959**	**-6,697**
Financial income		155	30
Financial expense		-654	-507
Result from sale of subsidiaries		816	118
Result before income tax		**-1,642**	**-7,056**
Income tax expense	[5]	-18	-589
Result from continued operations		**-1,624**	**-6,467**
Discontinued operations			
Result from discontinued operations (net from income tax)	[2]	6,223	-107
Result for the period		**4,599**	**-6,574**
Attributable to:			
Equity holders of the parent company		4,616	-6,560
Minority interest		-17	-14
Result for the period		**4,599**	**-6,574**
Earning per share			
Basic earnings per share (in euros)		1.16	-1.87
Diluted earnings per share (in euros)		1.16	-1.87
Earning per share continuing operations			
Basic earnings per share (in euros)		-0.41	-1.84
Diluted earnings per share (in euros)		-0.41	-1.84

Consolidated statement of recognised income and expense for the year ended 31 December 2007

in thousands of euros	notes	2007	2006
Foreign exchange translation differences	[15]	48	-20
Other movements	[15]	-24	-
Net income recognised directly in equity		24	-20
Result for the period	[15]	**4,599**	**-6,574**
Total recognised income and expense for the period		**4,623**	**-6,594**
Attributable to:			
Equity holders of the parent Company		4,653	-6,580
Minority interest		-30	-14
		4,623	**-6,594**

Consolidated balance sheet as at 31 December 2007

before appropriation of result

in thousands of euros	notes	31-12-2007	31-12-2006
Non-current assets			
Property, plant and equipment	[6]	312	573
Intangible assets	[7]	12,692	14,370
Other investments	[8]	45	90
Total fixed assets		**13,049**	**15,033**
Current assets			
Inventories	[10]	21	704
Work in progress	[11]	171	96
Trade and other receivables	[12]	7,337	8,294
Corporate income tax	[9]	2	26
Cash and cash equivalents	[13]	1,059	3,156
Assets held for sale	[14]	-	2,883
Total current assets		**8,590**	**15,159**
Total assets		**21,639**	**30,192**
Equity	[15]		
Issued capital		8,867	7,024
Share premium		22,709	22,128
Legal reserves		6,700	8,060
Translation reserves		-4	-52
Accumulated deficit		-32,591	-27,380
Current years's result		4,616	-6,560
Total equity attributable to equity holders of the parent		**10,297**	**3,220**
Minority interest		18	48
Total equity		**10,315**	**3,268**
Non-current liabilities			
Interest-bearing loans and borrowings	[16]	1,500	1,000
Employee benefits	[17]	630	756
Total non-current liabilities		**2,130**	**1,756**
Current liabilities			
Bank overdraft	[19]	607	6,992
Interest-bearing loans and borrowings	[16]	-	3,075
Provisions	[18]	124	1,326
Trade and other payables	[20]	8,463	12,173
Liabilities related to assets classified as held for sale	[14]	-	1,602
Total current liabilities		**9,194**	25,168
Total liabilities		**11,324**	**26,924**
Total equity and liabilities		**21,639**	**30,192**

Consolidated statement of cash flows for 2007

in thousands of euros	notes	2007	2006
Operating result		-1,256	-6,835
Depreciation and amortisation		2,965	5,605
Change in inventories and work in progress		4	439
Change in trade and other receivables		-3,540	-2,330
Change in trade and other payables		4,087	4,126
Change in provisions / employee benefits		-1,250	1,107
Interest paid		-440	-379
Corporate income tax		-108	-131
Cash flow from operating activities	[21]	**462**	**1,602**
Investments:			
Intangible assets		-3,049	-3,668
Property, plant and equipment		-160	-569
Disposals:			
Property, plant and equipment		55	17
Other investments		-	400
Sale of subsidiaries (including cash and cash equivalents)		7,066	209
Exchange rate differences		-48	-7
Cash flow from investment activities	[22]	**3,864**	**-3,618**
Net proceeds from issue of shares		2,424	-
Granted loans		1,500	2,010
Redemption loans		-4,096	- 625
Cash flow from financing activities	[23]	**-172**	**1,385**
Change in liquid assets		**4,154**	**- 631**
Cash and cash equivalents		3,156	1,674
Bank overdraft		-6,992	-4,745
Balance related to assets held for sale		134	-
Balance at 1 January		**-3,702**	**-3,071**
Cash and cash equivalents		1,059	3,156
Bank overdraft		-607	-6,992
Balance related to assets held for sale		-	134
Balance at 31 December		**452**	**-3,702**
Change in liquid assets		**4,154**	**-631**

Notes to the consolidated financial statements 2007

General information

The company The company was incorporated on 10 May 1999. Founders were the shareholders of Blue Fox Enterprises B.V., who brought in the share capital of Blue Fox Enterprises B.V. Blue Fox Enterprises N.V. is a holding company, which mostly holds 100% participations in a number of companies. Blue Fox is a global provider of integrated specialised design, production and planning software for the textile and apparel industry.

Share issues The shares of Blue Fox Enterprises N.V. have been listed on the Official Market of Euronext Amsterdam N.V. since 21 May 1999. As at 31 December 2007, the number of outstanding Blue Fox Enterprises N.V. shares was 4,433,702 (2006: 3,512,120). Two rounds of share issues took place in 2007. In May 2007, the option to convert a € 850,000 convertible bond at a conversion price of € 2.74 has been exercised by its holder, resulting in an issuance of 310,582 ordinary shares. In June 2007, Blue Fox has issued 611,000 ordinary shares for a price of € 2.70 through a private placement.

Changes in group companies 2007 On 1 March 2007, the company announced the sale of its subsidiary Carrier to Carrier Telecom N.V. ('Carrier to Carrier'). For this transaction, the buyer established a new entity, in which the management of Carrier to Carrier participates. Carrier to Carrier has been non-core for Blue Fox since several years. The book profit on this transaction is € 0.8 million.

On 11 April 2007, the company announced that it had sold the activities of NedGraphics CAD/GIS B.V. to IT company CADAC in Heerlen. With the sale of the CAD/GIS activities, Blue Fox realised a book profit of € 0.3 million. The sale of the CAD/GIS activities fits in the strategy to focus on the CAD/CAM and ERP activities.

On 11 May 2007, the sale of Pollux, a 100% subsidiary of Blue Fox, was announced. This sale enabled Blue Fox to minimise its debt position and created the starting point for Blue Fox to focus on refinancing the company. With this sale, Blue Fox realised a book profit of approximately € 5.4 million.

Changes in group companies in 2006 In October 2006, the company signed an agreement for the sale of Reset C&T B.V., a supplier of internet recruiting- and training services. The sale of Reset C&T B.V. fits in the strategy to focus on CAD/CAM/ERP activities. The sale took effect from 1 July 2006. The results of Reset C&T B.V. have been excluded from the consolidated result of the group as from 1 July 2006.

Going concern At 31 December 2006, Blue Fox had a temporary facility in place of € 4.6 million to bridge the period of the planned turn around. In addition, the company had to repay € 3.1 million in other borrowings. As these repayments, in combination with the major turnaround and the necessary investment in next generation software, could not be funded from the operational cash flow, material uncertainties existed with respect to the going concern assumption at the time of signing off the financial statements 2006.

In the first half of 2007, the company successfully divested three operating companies: Carrier to Carrier, NedGraphics CAD/GIS and Pollux. With these transactions a book profit of € 6.5 million was realised. In addition, the holder of a € 850,000 loan exercised the option to convert this loan into ordinary shares and new ordinary shares were issued for an amount of € 1.6 million through a private placement. The one remaining debt component, a € 1.3 million convertible loan, was refinanced with a € 1.5 million secured loan in December 2007. This loan has a term of 1.5 years and needs to be repaid 30 June 2009. Prior to repayment, management will reassess the need to refinance this loan based on the financial position at that time.

Based on the group's financial position, the available credit facilities, its assets and the current outlook of the financial performance for the forthcoming year, management believes that Blue Fox will be able to continue as a going concern and to refinance the loan of € 1,5 million.

Summary of accounting policies

Notes to the financial statements: IFRS Accounting principles Blue Fox Enterprises N.V. is a company domiciled in Vianen, the Netherlands. The consolidated financial statements of the company for the year ended 31 December 2007 comprise the company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities.

Statement of compliance The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis of preparation The financial statements are presented in Euro's, which is the company's functional currency, rounded to the nearest thousand. They are prepared on the historical cost basis, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods and by all Group entities presented in these consolidated financial statements.

Judgements made by management in the application of IFRS's that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to the financial statements. In particular, information about significant areas of estimation, uncertainty and critical judgements regarding the application of the accounting principles that have the most significant impact on the amounts recognised in the financial statements are described in note 7 - determination of the recoverable amount of cash generating units, and note 9 - deferred tax assets and liabilities.

Basis of consolidation *Subsidiaries* Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidation (fully) includes Blue Fox Enterprises N.V. and the following group companies:

	2007	2006
Blue Fox Enterprises B.V. the Netherlands (Vianen)	100%	100%
Blue Fox IPR B.V. the Netherlands (Vianen)	100%	100%
Blue Fox MDP B.V. the Netherlands (Vianen)	100%	100%
TOPCAD B.V. the Netherlands (Vianen)	100%	100%
Pollux B.V. the Netherlands (Apeldoorn)	-	100%
Carrier to Carrier Telecom N.V. the Netherlands (Biddinghuizen)	-	100%
NedGraphics CAD/GIS B.V. the Netherlands (Vianen)	100%	100%
BLUE FOX NedGraphics B.V. the Netherlands (Vianen)	100%	100%
BLUE FOX NedGraphics BvBa Belgium (Deerlijk)	100%	100%
BLUE FOX NedGraphics of Tennessee Inc. USA (Chattanooga)	100%	100%
BLUE FOX NedGraphics Ltd. UK (Dukinfield)	100%	100%
BLUE FOX NedGraphics SA France (Paris)	100%	100%
BLUE FOX NedGraphics Inc. USA (New York)	100%	100%
BLUE FOX Srl Romania (Bucharest)	100%	100%
BLUE FOX Porini Srl Italy (Lomazzo)	100%	100%
Dynamics Perspective Inc. USA (Los Angeles) (formerly: BLUE FOX Porini Inc.)	100%	100%
BLUE FOX Porini Ltda Brazil (Sao Paulo)	-	51%
BLUE FOX Porini Lda Portugal (Matosinhos)	51%	51%
BLUE FOX Porini Textile Inc. USA (Chattanooga)	100%	-

Pollux B.V. has been sold in May 2007. The results that have been realised in the first four months of 2007 have been included in the consolidated results.

Carrier to Carrier Telecom N.V. has been sold with an effective date of 1 January 2007 and its assets and liabilities are classified as assets held for sale in the balance sheet at 31 December 2006.

NedGraphics CAD/GIS B.V. has sold its activities in April 2007. Hence, the results of CAD/GIS that have been realised in the first three months of 2007 have been included in the consolidated results.

The activities of BLUE FOX Porini Ltda (Brazil) have been terminated as per 1 January 2007.

BLUE FOX Porini Textile Inc. has been incorporated as per 1 September 2007 and has subsequently purchased the textile activities from BLUE FOX Porini Inc. In December 2007 BLUE FOX Porini Inc. was renamed to Dynamics Perspective Inc.

Transactions eliminated on consolidation Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Foreign currency *Foreign currency transactions* Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at the foreign exchange rates at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

Net investment in foreign operations Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to translation reserve. They are released into the income statement upon disposal.

In respect of all foreign operations, any differences that have arisen from 1 January 2004, the date of transition to IFRS, are presented in the translation reserve, a separate component of equity.

Property, plant and equipment *Owned assets* Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets Leased assets of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses. The property held under finance leases and leased out under operating lease is classified as investment property and stated at the fair value model. Lease payments are accounted for as described in accounting policy.

Subsequent costs The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:
- equipment and installations 5 - 10 years
- refurbishing 5 - 8 years
- computers and programmes 3 years
- other assets 3 years

The residual value and the useful life of an asset shall be reviewed annually at financial year-end.

Intangible assets *Goodwill* All business combinations are accounted for by applying the purchase accounting method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 January 2004 has not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

Research and development Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as expenses are incurred.

Expenditure on software development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Capitalisation only occurs when future economic benefits are probable and it is expected that the asset will be used or sold. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads, when these are directly attributable to preparing the assets for its intended use. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised software development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses.

Other intangible assets Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as expenses are incurred.

Subsequent expenditure Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:
- patents and trademarks 5 years
- capitalised software development costs 5 - 10 years

Work in progress Work in progress is stated at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

The terms billed relating to work in progress are deducted from work in progress. Any possibly resulting negative balance of work in progress is shown as a liability under short term debts.

Trade and other receivables Trade and other receivables are initially stated at fair value. Subsequently, trade and other receivables are valued at amortised cost less impairment losses.

Inventories Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cash and cash equivalents Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date, or when there is an indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.
An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Share capital *Repurchase of share capital* When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

Convertible notes Convertible notes that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The equity component of the convertible notes is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The interest expense recognised in the income statement is calculated using the effective interest rate method.

Interest-bearing borrowings Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Employee benefits *Defined contribution plans* Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Share-based payment transactions The fair value of the amount payable to the employee is recognised as an expense. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment.
The fair value is measured based on the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as a finance cost.

Provisions A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and when this outflow can be estimated reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Restructuring A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Onerous contracts A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Trade and other payables Trade and other payables are stated at amortised cost. The initial recognition is at fair value less attributable transaction costs.

Revenue Net revenue include the income from sales and supply of goods and services less discounts, agents' commissions, bonuses and sales taxes. Profit on work in progress is taken pro rata to the progress of the project ('percentage of completion method'). The performance achieved during the year under review, in this case the costs of supplied raw materials, directly and indirectly attributable wage and overhead costs as well as a mark-up for profit pro rata to the progress of the project are stated as sales.

A large part of sales concerns income from the selling of software licences, as well as providing related services such as supplying maintenance, support and training with regard to in-house developed software. In addition, income is generated by performing and supervising software and hardware implementations as well as tailoring in-house developed software to specific customers' needs.

Software arrangements range from those that provide a license for a single software product ('standard software') to those that, in addition to the delivery of software or a software system, require a significant production, modification, or customisation of the software.
If an arrangement to deliver software or a software system, either alone or together with other products or services, requires significant production, modification, or customisation of the software, the entire arrangement has to be accounted for in conformity with contract-accounting (for construction contracts).

Sale of software License fee revenue from standard software is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the software.

The license fee income from standard software is recognised when all of the following conditions are met:
- the software licence contract has been signed;
- the software and accompanying documentation have been delivered;
- there are no material uncertainties regarding customer acceptance; and
- there are no material uncertainties regarding payment of the account receivable.

Software services If an arrangement to deliver software or a software system, requires significant production, modification, or customisation of the software, revenue should be recognised using the 'percentage of completion'-method. The actual delivery of the non-standard software is therefore not regarded as the realisation moment for software that requires significant production, modification or customisation. Revenue related to the delivery of non-standard software is accounted for pro rata the progress of the project, which comprises the complete installation, modification and customizing of the software in the client's environment.

When the outcome of a project can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contact. The stage of completion is assessed by reference to surveys of work performed.

If such estimates can not be made reliably or surveys regarding the work performed are not available, all contract revenue is deferred and is accounted for on the basis of completed contract.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the software. An expected loss on a contract is immediately recognised in the income statement.

Maintenance and Support revenue The services with regard to performing maintenance and support are contractually agreed with customers. The maintenance and support agreements contain the records of support received over the telephone by a helpdesk and of obtained patches as well as obtained new versions ('updates') of licensed software.

The income from the maintenance and support contracts is recognised over and attributed to the period to which the income relates. This period will generally be a 12-month period. Unrealised income, consisting of the unrealised and therefore deferred part of the income from these maintenance and support contracts, is stated under short-term debts.

Goods sold and services rendered Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods also continuing management involvement with the goods.

Capitalised production for own company The income from capitalised production for own company relates to the capitalisation of software development costs with regard to in-house developed software and is accounted for in operating costs.

Expenses *Operating lease payments* Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and expenses Finance income comprises interest income on funds invested, dividend income gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions, dividend on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Income tax Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: taxable temporarily differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Minority interests Minority interests are valued at the third party interest in the net asset value, determined in accordance with the accounting principles of the Group.

Segment reporting A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Non-current assets held for sale and discontinued operations Assets are classified as assets held for sale and stated at the lower of the carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify. Upon classification as a discontinued operation, the income statement is restated as if the operation has been discontinued from the start of the comparative period.

New standards and interpretations not yet adopted A number of new standards, amendments to standards and interpretations were not yet effective in 2007 and have not, therefore, been applied to these consolidated financial statements. These standards, amendments to standards and interpretations are not expected to have any significant effect on the consolidated financial statements.

IAS 1 *Presentation of Financial Statements (revised)* - There have been a few revisions in IAS 1 as part of the IASB's improvement project. The revisions mainly concern the presentation of changes in equity, in which changes as a result of transactions with shareholders should be presented separately and for which a different format for the overview of the other changes in equity can be selected. Furthermore, on restatement of the comparative figures, an opening balance sheet should also be included for the comparative period.

IAS 23 *Borrowing Costs (revised)* - the current option of charging financing costs related to the construction or purchase of an asset directly to the result is no longer permitted in the revised standard. Instead, the financing costs must be capitalised. Qualifying assets that were initially recognised at fair value, such as biological assets, are exempt from this rule. The financing costs attributable to them can be charged directly to the result.

IAS 32 Financial Instruments: Disclosure and Presentations and *IAS 1 Presentation of Financial Instruments* - The changes relate to the presentation of a puttable financial instrument and obligations that arise on liquidation. Subject to EU endorsement, these changes will become mandatory in 2009.

IFRS 2 Share Based Payments - The revisions in IFRS 2 deal with the conditions for granting shares and the resulting treatment of the costs related to share based payments. Subject to EU endorsement, these revisions are mandatory in 2009.

IFRS 3 / IAS 27 - IFRS 3, and consequently IAS 27 has been revised in several areas. Main changes relate to the recognition of minority interests, step acquisitions and changed interests.

IFRS 8 *Operating Segments* - IFRS 8, the replacement for IAS 14 Segment Reporting, aligns with the breakdown used by the management for internal purposes. This means that a breakdown according to operating and geographic segments is not necessarily required as under IAS 14.

IFRIC 11 IFRS 2 - Group and Treasury Share Transactions - this interpretation deals primarily with the situation where staff of a subsidiary are granted rights to shares in the listed parent company. The interpretation applies to financial years starting on or after 1 March 2007, earlier application is recommended.

IFRIC 12 *Service Concession Arrangements* - this interpretation deals with recognising concession arrangements concerning public facilities in the financial statements of private companies that hold such concessions. The interpretation applies to financial years starting on or after 1 January 2008; earlier application is allowed.

IFRIC 13 *Customer Loyalty Programmes* - The interpretation concerns sales transactions with clients being awarded 'points' (air miles, vouchers, saving stamps, etc.) which can be used in the future in the form of a discount on goods or services purchased. IFRIC 13 deals with the treatment of these points by the company awarding them. IFRIC 13 stipulates that this should be considered as part of the sales transaction, in which a portion of the revenue must be allocated to the point received. The revenue can then only be accounted for if the 'points' are used. IFRIC 13 must be applied to financial years starting on or after 1 July 2008, but earlier application is recommended.

IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – IAS 19 stipulates that pension surpluses can be capitalised whenever they are available to the company. The interpretation indicates that this is the case whenever the company has unconditional rights to the surplus. An existing minimum coverage ratio can have an effect on this. It is expected that most companies will have to review their principles for capitalising their pension surpluses in the light IFRIC 14. Moreover, it is conceivable that the articles of association of the pension fund and/or the parts of the benefit payment agreement will have to be revised in order to achieve the desired effect on the availability or otherwise of the surpluses. IFRIC 14 applies to financial years starting on or after 1 January 2008; earlier application is recommended.

Notes to the consolidated financial statements 2007

1 **Segment reporting** Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.
Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.
Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments The Group comprises the following main business segments:

- Textile and Apparel Software Division
- Engineering and Geographical Information Software Division
- Other

As the complete segment Engineering and Geographical Information Software Division was divested in 2007, additional disclosures have been included in note 2 'Discontinued operations'.

Geographical segments In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Business segment reporting

in thousands of euros	Textile and Apparel Software division		Engineering and Geographical Information Software division*		Others		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue from external customers										
Software sales	5,984	5,730	8,519	20,995	-	-	-	-	14,503	26,725
Services	10,070	11,249	1,609	6,301	-	4,845	-	-	11,679	22,395
Total revenue from external custmers	**16,054**	**16,979**	**10,128**	**27,296**	**-**	**4,845**	**-**	**-**	**26,182**	**49,120**
Inter segment revenue	-	138	-	128	-	-	-	-266	-	-
Total Revenue	**16,054**	**17,117**	**10,128**	**27,424**	**-**	**4,845**	**-**	**-266**	**26,182**	**49,120**
Operating result**	183	-2,057	703	-138	-2,142	-4,640	-	-	-1,256	-6,835
Segment assets	15,996	16,822	-	10,424	8,674	13,058	-3,031	-10,112	21,639	30,192
Segment Liabilities	12,160	11,255	-	7,234	3,083	17,591	-3,919	-9,156	11,324	26,924
Capital expenditure	2,912	3,123	290	853	7	261	-	-	3,209	4,237
Amortisation and depreciation	2,446	2,468	281	1,362	238	884	-	-	2,965	4,714
Impairment losses	-	-	-	891	-	-	-	-	-	891

* The engineering and geographical software division has been classified as discontinued operations in 2007

** As of 2007 the effects of product developement, capitalised production and depreciation are included in the operating result of the seperate divisions, whereas before these items were all in 'Others'. The comparative figures for 2006 have been presented likewise.

Geographical segment reporting

in thousands of euros	the Netherlands		Europa (other)		North and South America		Africa		Asia/Pacific		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Total revenue from external customers	10,351	23,404	5,917	10,620	7,095	11,109	470	1,346	2,349	2,641	-	-	26,182	49,120
Segment assets	14,163	29,170	6.633	6,666	4,175	4,729	-	-	-	-	-3,332	-10,373	21,639	30,192
Capital expenditure	1,740	2,573	1,430	1,620	39	44	-	-	-	-	-	-	3,209	4,237

Notes to the consolidated income statement

2 **Discontinued operations** In May 2007, the company has sold its entire Engineering and Geographical Information Software Division segment, consisting of the activities of NedGraphics CAD/GIS and Pollux. This segment was not classified as discontinued operations nor classified as assets held for sale as at 31 December 2006 and the comparative income statement has been re-presented to show the discontinued operations separately from continuing operations. Management sold this division in several transactions in early 2007 due to the strategic decision to focus on CAD/CAM and ERP software for the textile and apparel market and the need to restructure the financing position of the company.

Results of discontinued operations

in thousands of euros	2007	2006
Revenue	10,128	27,424
Expenses	9,447	26,214
Result on Product Development	22	-1,348
Operating result	**703**	**-138**
Interest income	17	86
Income tax expense	156	55
Result from operating activities, net of income tax	**564**	**-107**
Result on sale of discontinued operation	5,659	-
Income tax on gain on sale of discontinued operation	-	-
Profit (loss) for the period	**6,223**	**-107**
Basic earnings (loss) per share (€)	1.57	-0.03
Diluted earnings (loss) per share (€)	1.56	-0.03

Cash flows from discontinued operations

in thousands of euros	2007	2006
Net cash from operating activities	2,690	2,205
Net cash from investing activities	4,962	-
Net cash from financing activities	-	-
Net cash from discontinued operations	**7,652**	**2,205**

Effect of disposal on the financial position of the group

in thousands of euros	2007
Property, plant, equipment	-111
Inventories	-603
Intangible fixed assets	-2,032
Trade and other receivables	-4,401
Cash and cash equivalents	-2,515
Net assets held for sale (excluding cash balance)	-1,147
Trade and other payables	7,696
Net assets and liabilities	**-3,113**
Consideration received, satisfied in cash	9,581
Cash disposed of	-2,515
Net cash inflow	**7,066**

The effect of disposals on the financial position of the group includes the effect of the divestment of discontinued operations as well as the divestment of Carrier to Carrier B.V..

3 Wages and salaries and social security charges

in thousands of euros	2007	2006
Wages and salaries	10,292	13,798
Social security charges	1,286	1,656
Contribution to defined contribution plans	203	467
Increase in liability for defined benefit plans	60	59
Increase in liability for long service benefits	66	-88
Total wages and salaries and social security charges	**11,907**	**15,892**

Staff During 2007, the group had an average of 215 staff members (2006: 331). This staff can be divided as follows over the various divisions:

Staff over the various divisions

in average FTE	2007	2006
Management and staff holding company	6	13
Textile and Apparel Software division	186	208
Engineering and Geographic Information Software division	23	95
Non-core activities	-	15
Total number of staff members	**215**	**331**

4 **Other operating costs** The other operating costs can be specified as follows:

in thousands of euros	2007	2006
Sales costs	31	144
Housing costs	969	1,319
Car costs	287	612
Other staff costs	576	763
General costs	3,089	6,111
Currency and exchange rate differences	161	185
Total other operating costs	**5,113**	**9,134**

5 **Corporate income tax** The activities of the Blue Fox group are subject to corporate income taxes of various countries, with tax rates between 4.25% and 40%. It should be noted that in the case of a relatively low nominal tax rate, not all the costs incurred are tax deductible. The various tax rates and the presence of unrealised tax loss carry forwards are the cause of a deviation of the actual weighted tax pressure and the nominal tax rate in the Netherlands (25.5%). The relative high percentage of weighted average taxation in 2007 is related to countries where high fixed tax charges exist, even when no or little taxable income is available.

For the fiscal unit for corporate income tax with respect to the Dutch entities all years up until 2006 have been filed. All filings up until 2003 have been accepted.

The reconciliation of the nominal and the effective tax pressure is as follows:

Corporate income tax

in thousands of euros	2007	2006
Result from ordinary activities before taxation	**4,737**	-7,107
Result sale of participating interests	-6,475	-119
Of which related to taxable result on asset sale	206	-
Taxable income	**-1,532**	-7,226
Weigthed average taxation	-618	-2,159
Valuation adjustment fiscal losses carry forward	515	1,001
Non deductible items	241	625
Tax for the year *	**138**	-533
Current year tax	138	173
Deferred tax	-	-706
Tax for the year *	138	-533

* Relates to continued as well as discontinued operations.

Deferred tax assets have been recognised in the annual accounts, as far as they can be reasonably expected to be realised within the foreseeable future, The deferred tax effect on the tax charge for the year relates to changes in (un-)recognised temporary differences.

Notes to the consolidated balance sheet

6 Property, plant and equipment 2007 Movements were as follows:

in thousands of euros	other assets	total 2007	total 2006
Costs 1 January	6,274	6,274	11,970
Accumulated depreciation			
1 January	-5,701	-5,701	-9,122
Book value as at 1 January	**573**	**573**	2,848
Changes:			
Investments	160	160	569
Disposals	-922	-922	-19
Depreciation	-260	-260	-1,117
Depreciation on disposals	776	776	-
Currency influences	-15	-15	-18
Other movements	-	-	-1,690
	-261	-261	-2,275
Costs 31 December	5,512	5,512	6,274
Accumulated depreciation			
31 December	-5,200	-5,200	-5,701
Book value as at 31 December	**312**	**312**	573

At 31 December 2006, the carrying amount (€ 1,690,000) of machines and installations has been classified as assets held for sale. This classification has been presented in other movements.

The following depreciation percentages are used:

Depreciation percentages

	%
Machines and installations	10-20
Refurbishing	10-12
Computer equipment and programmes	33
Other assets	33

7 Intangible assets Movements were as follows:

in thousands of euros	goodwill	costs of software development	costs of obtained rights and patents	total 2007	total 2006
Costs 1 January	21,252	21,517	43	42,812	39,144
Accumulated amortisation					
1 January	-15,875	-12,524	-43	-28,442	-23,954
Book value as at 1 January	**5,377**	**8,993**	**-**	**14,370**	15,190
Changes:					
Investments	-	3,049	-	3,049	3,668
Disposals	-146	-6,046	-	-6,192	-
Amortisation and depreciation	-	-2,705	-	-2,705	-3,597
Depreciation on disposals	23	4,138	-	4,161	-
Impairment	-	-	-	-	-891
Other value changes	-	9	-	9	-
	-123	**-1,556**	**-**	**-1,678**	-820
Costs 31 December	21,106	18,529	43	39,678	42,812
Accumulated amortisation					
31 December	-15,852	-11,091	-43	-26,986	-28,442
Book value as at 31 December	**5,254**	**7,438**	**-**	**12,692**	14,370

The following amortisation/depreciation percentages are used:

Amortisation/depreciation percentages

	%
Costs of software development	10-20
Costs of obtaining rights and patents	20

Costs of software development includes an amount of € 2.0 million, relating to the software obtained by the acquisition of NedGraphics. Contrary to in-house developed software, which is depreciated in five years, this third-party obtained software is depreciated in ten years (carrying value: € 0.7 million).

Impairment test for intangible assets Goodwill fully relates to the Nedgraphics CAD/CAM software cash generating unit. The recoverable amount of the goodwill is based on value in use calculations. Those calculations use cash flow projections based on a three year business plan and are most sensitive to sales. Cash flows for further periods are extrapolated using a two percent growth rate. A pre-tax discount rate of 15.8 per cent (2006: 15.0 per cent) has been used in discounting the projected cash flows. The carrying amount of these cash generating units is lower than the recoverable amount. A 10% decrease in future planned revenues from software sales would not result in an impairment loss of significance.

An impairment test was performed for the Porini ERP cash generating unit, which includes a carrying amount of EUR 3.4 million relating to software. The recoverable amount of this unit is based on value in use calculations. Those calculations use cash flow projections based on a three year business plan and are most sensitive to sales. Cash flows for further periods are extrapolated using a two percent growth rate.
A pre-tax discount rate of 15.8 per cent (2006: 15.0 per cent) has been used in discounting the projected cash flows. The carrying amount of this cash generating unit is lower than the recoverable amount on the assumption that the future sales of the Microsoft ERP software will meet expectations. The commercialisation of new Microsoft ERP software is a major challenge to the company.

Within the Engineering and Geographical Information Software division some product lines were ceased in the fourth quarter of 2006.
As a result the carrying amount of cost of software development related to these product lines of € 0.6 million was impaired. In addition another € 0.3 million impairment charge was recognised based on value-in-use calculations. The impairment charges were recognised in profit and loss on the line amortisation and depreciation in 2006.

8 Other investments

Other investments wholly relates to financial assets. Movements were as follows:

in thousands of euros	2007	2006
Book value as at 1 January	**90**	490
Changes:		
Redemption on loans granted	-45	-400
Book value as at 31 December	**45**	**90**

The carrying amount of the in 2003 issued subordinated loan to Kenfil Distribution B.V. was € 400,000 as per December 31, 2005.
This amount has been collected in the first quarter of 2006.

In October 2003, the company issued a loan of € 90,000 to Secundo B.V., the holding company of CMedia Productions B.V. The loan is subordinated to all Secundo's obligations to its bank. The interest on this loan on an annual basis is 6% and the loan will be repaid in two equal installments, on 1 October 2007 and 1 October 2008. The carrying amount as per 31 December 2007 is € 45,000 (2006: € 90,000).

9 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Recognised deferred tax assets and liabilities

in thousands of euros	assets 2007	assets 2006	liabilities 2007	liabilities 2006	net 2007	net 2006
Intangible assets	-	-	-661	-980	-661	-980
Interest-bearing loans and borrowings	-	-	-	-17	-	-17
Tax value of loss carry foreward recognised	661	997	-	-	661	997
Tax assets/liabilities	**661**	**997**	**-661**	**-997**	**-**	-
Netting of tax	-661	-997	661	997	-	-
Net tax assets and liabilities	-	-	-	-	-	-

Deferred tax assets have not been recognised in respect of the following items:

Unrecognised deferred tax assets

in thousands of euros	2007	2006
Tax Losses	4,345	2,886

The tax losses expire in the period from 2011 through 2015. Deferred tax assets have only been recognised to the level of deferred tax liabilities which are available to offset the deferred tax assets within the same fiscal unity for corporate income tax purposes. The amount of deferred tax assets that exist in excess of these deferred tax liabilities has not been recognised because it is not probable that taxable profit will be available in the near future against which the temporary difference can be utilised.

Movement in deferred tax during the year

in thousands of euros	01-01-2007	recognised in income	recognised in equity	balance 31-12-2007
Intangible assets	-980	319	-	-661
Interest-bearing loans and borrowings	-17	17	-	-
Tax value of loss carry foreward utilised	997	-336	-	661
	-	**-**	**-**	**-**

in thousands of euros	01-01-2006	recognised in income	recognised in equity	balance 31-12-2006
Intangible assets	-2,944	1,964	-	-980
Employee benefits	74	-74	-	-
Interest-bearing loans and borrowings	-52	35	-	-17
Tax value of loss carry foreward utilised	2,216	-1,219	-	997
	-706	**706**	-	-

10 Inventories

in thousands of euros	31-12-2007	31-12-2006
Trade goods	21	740
Provision for obsolescence	-	-36
	21	**704**

The valuation of inventories on the basis of net realisable value is not materially different from the valuation above.

11 Work in progress

in thousands of euros	31-12-2007	31-12-2006
Work in progress	171	96
	171	**96**

The valuation of work in progress includes losses and possible future losses, as far as these can be foreseen as at balance sheet date.

The stage of completion of contracts has been determined based on hours worked and realised production.

12 Trade and other receivables

in thousands of euros	31-12-2007	31-12-2006
Trade receivables	6,278	6,865
Amounts to be invoiced	40	292
Prepaid expenses	488	576
Other receivables and accrued income	531	561
	7,337	**8,294**

Aging of the trade receivables as per 31 December

in thousands of euros	gross trade debtors 31-12-2007	impairment 31-12-2007	net trade debtors 31-12-2007	gross trade debtors 31-12-2006	impairment 31-12-2006	net trade debtors 31-12-2006
Number of days outstanding*						
0 - 30 days	4,582	-	4,582	4,271	-	4,271
31 - 60 days	446	-	446	1,306	-	1,306
61 - 90 days	288	-9	279	390	-5	385
> 90 days	1,491	-520	971	1,728	-825	903
Total	**6,807**	**-529**	**6,278**	**7,695**	**-830**	**6,865**

* The company uses a standard payment term of thirty days, however, individual transactions can have other conditions.

Movement in the allowance for impairment in respect of trade receivables during the year

in thousands of euros	2007	2006
Balance at 1 January	**830**	467
Impairment loss recognised	-102	363
Disposal of participations	-199	-
Balance at 31 December	**529**	830

13 Cash and cash equivalents

in thousands of euros	31-12-2007	31-12-2006
Bank balances	1,053	3,145
Cash and cash equivalents	6	11
	1,059	3,156

14 Assets held for sale

in thousands of euros	31-12-2007	31-12-2006
Property , plant and equipment	-	1,690
Trade and other receievables	-	603
Cash and cash equivalents	-	590
Total assets	**-**	2,883
Bank overdraft	-	456
Trade and other payables	-	1,146
Total liabilities	**-**	1,602

On 1 March, 2007 the company announced the sale of its subsidiary Carrier to Carrier Telecom N.V., which has been non-core for Blue Fox for several years. The intention to sell this activity was already announced in previous periods. As the criteria in IFRS 5 were met at 31 December 2006, the related assets and liabilities have been classified as held for sale. After review of the carrying amount and the fair value less costs to sell, no impairment losses on initial classification as held for sale were deemed necessary.

15 Shareholders' equity Capital and reserves Reconciliation of movement in capital and reserves

in thousands of euros	share capital	share premium	legal reserves	translation reserves	accumulated deficit	unallocated current year's result	total	minority interest	total equity
Balance as at 1 January 2006	7,024	22,128	8,678	-32	-26,516	-1,482	9,800	62	9,862
Appropriation of result	-	-	-	-	-1,482	1,482	-	-	-
Exchange rate differences participating interests	-	-	-	-20	-	-	-20	-	-20
Transfer from other reserves	-	-	-618	-	618	-	-	-	-
Result financial year	-	-	-	-	-	-6,560	-6,560	-14	-6,574
Balance as at 31 December 2006	**7,024**	**22,128**	**8,060**	**-52**	**-27,380**	**-6,560**	**3,220**	**48**	**3,268**
Issue of new shares	1,843	581	-	-	-	-	2,424	-	2,424
Other movements	-	-	-	-	-11	-	-11	-13	-24
Appropriation of Result	-	-	-	-	-6,560	6,560	-	-	-
Exchange rate differences participating companies	-	-	-	48	-	-	48	-	48
Transfer from other reserves	-	-	-1,360	-	1,360	-	-	-	-
Result financial year	-	-	-	-	-	4,616	4,616	-17	4,599
Balance as at 31 December 2007	**8,867**	**22,709**	**6,700**	**-4**	**-32,591**	**4,616**	**10,297**	**18**	**10,315**

Share capital and share premium At 31 December 2007, the authorised share capital comprised 4,433,702 ordinary shares (2006: 3,512,120) with a nominal value of € 2.00, wich have been fully paid.

Legal reserves In line with the Netherlands Civil Code, a legal reserve is recognised for the carrying amount of capitalised software development costs at balance sheet date.

Translation reserves The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the company.

Earnings per share The calculation of earnings per share at 31 December 2007 was based on the result attributable to ordinary shareholders of € 4,616,000 (2006: € -6,560,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 3,972,911 (2006: 3,512,120), calculated as follows:

Weighted average number of ordinary shares

number of shares	31-12-2007	31-12-2006
Issued ordinary shares at 1 January	3,512,120	3,512.120
Effect of issued shares at 31 December	460,791	-
Weighted average number of ordinairy shares	**3,972,911**	3,512,120

Diluted earnings per share The calculation of diluted earnings per share at 31 December 2007 was based on the result attributable to ordinary shareholders of € 4,616,000 (2006: € -6,560,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 3,994,531 (2006: 3,931,297) calculated as follows:

Weighted average number of ordinary shares (diluted)

in thousands of euros	31-12-2007	31-12-2006
Weighted average number of ordinairy shares at 31 December	3,972,911	3,512,120
Effect of conversion of convertible notes	-	354,557
Effect of share options on issue	21,620	64,620
Weighted average number of ordinairy shares (diluted)	**3,994,531**	**3,931,297**

For 2006, instruments that could potentially dilute earnings per share in the future, were not included in the calculation of diluted earnings per share, because they were not dilutive for the periods presented.

16 **Interest-bearing loans and borrowings** This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see notes on interest risk and foreign currency risk.

Interest-bearing loans and borrowings

in thousands of euros	31-12-2007	31-12-2006
Non-current liabilities		
Secured loans	1,500	1,000
	1,500	**1,000**
Current liabilities		
Current portion of secured loans	-	1,000
Convertible notes	-	2,075
	-	**3,075**
Convertible notes		
Nominal value	-	2,142
Amount classified as equity	-	-395
Accreted interest capitalised	-	328
Carrying amount of liability as at 31 December	**-**	**2,075**

Terms and debt repayment schedule A long-term subordinated convertible loan with a nominal value of € 1,292,000 was granted by a number of former shareholders of Carrier to Carrier. The term of this interest-free loan was seven years, as of 1 July 2000. Blue Fox had the right of early settlement of this loan, if and to the extent that the average closing price of the Blue Fox shares had been at least € 36.43 during a continuous period of 20 trading days. On 1 July 2003, the grantors of the loan had the right to convert the whole loan into Blue Fox ordinary shares at a fixed price of € 29.14. The repayment of the convertible loan was postponed from 1 July 2007 to 31 December 2007, for which period an interest rate of 10.0 per cent (on an annual basis) was agreed.

Mid-2003, an additional long-term convertible subordinated loan of € 850,000 with a term of three years was obtained. Mid-2006, repayment of this loan was extended to mid-2007 with a zero per cent interest rate. In May 2007, the grantor of the loan exercised the right to convert the loan into 310,582 ordinary shares of Blue Fox at a fixed price of € 2.74.

The secured loans as per 31 December 2006 consisted of a medium-term bank loan for an amount of € 2.0 million, with a 5.45 per cent interest rate. This loan was repaid with the proceeds from the divestment in May 2007.
In December 2007, a long term loan of € 1,500,000 was obtained. Full repayment of this 10.0 per cent interest loan is due at 30 June, 2009. This loan has been securitised with a lien on the shares, receivables and intellectual property rights of Blue Fox NedGraphics B.V. and IPR B.V. Early repayment is agreed upon in case of further divestment of operating companies.

17 Employee benefits

in thousands of euros	31-12-2007	31-12-2006
Present value of defined benefit obligations	564	504
Liability for long service benefits	66	252
	630	**756**

Defined benefit obligations Employees of the Italian subsidiary are entitled to a termination payment at the moment of leaving the company. This termination payment amounts to approximately one month salary per year of service. The present value of the defined benefit obligations is calculated using a discount rate of 4.3% and taking into account actuarial assumptions with respect to the average remaining service period and future salary developments.

Movement in the net liability for employee benefits

in thousands of euros	2007	2006
Net liability for employee benefits at 1 January	756	710
Disposal of subsidiaries	-252	-
Expense recognised in the income statement	126	46
Net liability for employee benefits at 31 December	**630**	**756**

18 Provisions

in thousands of euros	restructuring	other	total 2007	total 2006
Balance at 1 January	539	787	1,326	265
Provisions made during the year	-	140	140	1,326
Provisions used during the year	-539	-610	-1,149	-265
Provisions reversed during the year	-	-193	-193	-
Balance at 31 December	**-**	**124**	**124**	**1,326**
Non-current	-	-	-	-
Current	-	124	124	1,326
	-	124	124	1,326

Restructuring As a result of geographic re-allocation of resources, a provision for restructuring was recognised at 31 December 2006. The provision mainly related to the Textile and Apparel Software division.

Other As a result of the turnaround and downsizing of the holding structure, provisions have been recognised for terminating and renegotiating contracts with (former) business partners.

19 **Bank overdraft** As at 31 December 2007, the group has no current account credit facilities in the Netherlands (2006: € 4.4 million). On local level, Porini Srl has credit facilities with a maximum of € 1.3 million (2006: € 0.9 million).

20 Trade and other payables

in thousands of euros	31-12-2007	31-12-2006
Trade creditors	1,371	5,694
Tax and social security charges	452	922
Accrued staff expenses	1,032	2,332
Accrued sales expenses	86	336
Deferred income	4,685	2,121
Other debts and accruals	837	768
	8,463	**12,173**

All short-term debts have a term of less than one year.

Maturity date financial liabilities

in thousands of euros	Book value	Contractual amounts	< 6 months	6-12 months	1-2 year	> 2 years
31-12-2007						
Loans	1,500	1,500	-	-	1,500	-
Bank overdrafts	607	607	607	-	-	-
Trade and other payables	8,463	8,463	6,120	2,343	-	-
	10,570	**10,570**	**6,727**	**2,343**	**1,500**	**-**
31-12-2006						
Loans	4,075	4,142	-	3,142	1,000	-
Bank overdrafts	6,992	6,992	6,992	-	-	-
Trade and other payables	12,173	12,173	11,113	1,061	-	-
	23,240	**23,307**	**18,105**	**4,203**	**1,000**	**-**

Off-balance sheet commitments As at 31 December 2007, bank guarantees were issued to third parties to an amount of € 0.1 million (year-end 2006: € 0.3 million).

Operating leases Non-cancellable operating lease rentals are payable as follows:

in thousands of euros	31-12-2007	31-12-2006
Less than one year	1,190	1,578
Between one and five years	2,499	4,528
More than five years	135	943
	3,824	**7,049**

Financial instruments Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business.

Credit risk Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed or advanced down payments are requested on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest rate risk The group has not entered into interest rate swaps. Interest-bearing loans and borrowings have a fixed interest rate.

Foreign currency risk The group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the euro. The currencies giving rise to this risk are primarily U.S. Dollars.

In respect of other monetary assets and liabilities held in currencies other than the euro, the group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Forecasted transactions The group has not entered into forward exchange contracts hedging forecasted transactions.

Capital management The group's primary objective when managing capital is to safeguard the group's ability to continue as going concern. In the light of the currently ongoing turnaround, the group does not have an explicit return on capital policy. There have been no changes in the capital management policies during the year. Under capital, the group regards equity as shown in the balance sheet.

The group monitors capital on the basis of cash flow prognoses and the solvency ratio. This ratio is calculated as total equity attributable to equity holders of the parent divided by total liabilities. During the year, the group managed to increase the solvency ratio from 10.7% to 47.6% by issuing new debts, ordinary shares and selling participations, thus reducing the debt position to a minimum and creating a solid basis for the refinancing of the group. There is no externally imposed capital requirement.

Fair values The fair values of financial instruments are not materially different from the carrying amounts shown in the balance sheet.

Fair values

in thousands of euros	31-12-2007	31-12-2006
Other investments	45	90
Trade and other receivables	7,337	8,294
Cash and cash equivalents	1,059	3,156
Interest-bearing loans and borrowings (non-current)	-1,500	-1,000
Bank overdraft	-607	-6,992
Interest-bearing loans and borrowings (current)	-	-3,075
Trade and other payables	-8,463	-12,173

Consolidated cash flow statement for 2007

21 Cash flow from operating activities The cash flow from operating activities amounted to € 0.5 million (2006: € 1.6 million). The operating result adjusted for depreciation resulted in a positive cash flow of € 1.7 million (2006: € -1.2 million).

22 Cash flow from investment activities The cash flow from investment activities was, on balance, € 3.9 million against € -3.6 million in 2006, mainly as a result of the sale of participations.

The investments in tangible and intangible fixed assets amounted to € 0.2 million (2006: € 0.6 million) and € 3.1 million (2006: € 3.7 million), respectively. The investments in intangible fixed assets relate to in-house developed software.

The carrying amount of the in 2003 issued subordinated loan to Kenfil Distribution B.V. was € 400,000 as per December 31, 2005. This amount has been collected in the first quarter of 2006.

23 Cash flow from financing activities The cash flow from financing activities amounted to € -0.2 million (2006: € 1.4 million).

Company balance sheet as at 31 December 2007 before appropriation of result

in thousands of euros	notes	31-12-2007	31-12-2006
Non-current assets			
Fixed assets			
Intangible fixed assets	[1]	5,513	5,836
Tangible fixed assets	[2]	17	48
Financial fixed assets	[3]	7,152	9,019
Total fixed assets		**12,682**	**14,903**
Current assets			
Other receivables	[4]	4,882	2,614
Cash and cash equivalents		311	167
Total current assets		**5,193**	**2,781**
Current liabilities, accruals and deferred income	[5]	**-2,202**	**-12,151**
Current assets less current liabilities		**2,991**	**-9,370**
Assets less current liabilities		**15,673**	**5,533**
Long-term liabilities	[6]	**-1,500**	**-1,000**
Provisions	[7]	**-3,876**	**-1,313**
Shareholders' equity		**10,297**	**3,220**
Issued capital		8,867	7,024
Share premium reserve		22,709	22,128
Legal reserve		6,700	8,060
Translation reserve		-4	-52
Other reserves		-32,591	-27,380
Undistributed current year's result		4,616	-6,560
Shareholders' equity	[8]	**10,297**	**3,220**

Company profit and loss account for 2007

in thousands of euros	2007	2006
Company result	1,823	-5,067
Result from participations	2,793	-1,493
Net result	**4,616**	**-6,560**

Notes to the company annual accounts 2007

General The separate financial statements are part of the 2007 financial statements of Blue Fox Enterprises N.V. With reference to the separate profit and loss account of Blue Fox Enterprises N.V., use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

Principles for the measurement of assets and liabilities and the determination of the result For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its separate financial statements, Blue Fox Enterprises N.V. makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of Blue Fox Enterprises N.V. are the same as those applied for the consolidated EU GAAP financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU GAAP financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union. Please see pages 40 to 48 for a description of these principles.
The share in the result of participating interests consists of the share of Blue Fox Enterprises N.V. in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Blue Fox Enterprises N.V. and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

Company balance sheet as at 31 December 2007

1 Intangible fixed assets Movements were as follows:

in thousands of euros	goodwill	costs of software development	total 2007	total 2006
Costs 1 January	20,725	2,265	22,990	22,990
Accumulated amortisation 1 January	-15,823	-1,331	-17,154	-16,954
Book value as at 1 January	**4,902**	**934**	**5,836**	**6,036**
Changes:				
Disposals	-146	-	-146	-
Amortisation	-	-200	-200	-200
Amortisation on disposals	23	-	23	-
	-123	-200	-323	-200
Costs 31 December	20,579	2,265	22,844	22,990
Accumulated amortisation 31 December	-15,800	-1,531	-17,331	-17,154
Book value as at 31 December	**4,779**	**734**	**5,513**	**5,836**

The cost of software development include an amount of € 2.0 million (market value on acquisition date), relating to the software obtained by the acquisition of NedGraphics. Contrary to in-house developed software, which is depreciated in five years, this third-party obtained software is depreciated in ten years.

Impairment test for goodwill The goodwill relates to the Textile and Apparel Software division. The recoverable amount of this cash-generating unit is based on value-in-use calculations. Those calculations use cash flow projections based on a three year business plan. Cash flows for further periods are extrapolated using a two per cent growth rate. A pre-tax discount rate of 15.8 per cent (2006: 15.0 per cent) has been used in discounting the projected cash flows. The carrying amount of this cash-generating unit is lower then the recoverable amount.

2 Tangible fixed assets

Movements were as follows:

in thousands of euros	2007	2006
Costs 1 January	665	648
Accumulated depreciation 1 January	-617	-563
Book value as at 1 January	**48**	**85**
Changes:		
Investments	7	17
Disposals	-	-
Depreciation	-38	-54
	-31	-37
Costs 31 December	672	665
Accumulated depreciation 31 December	-655	-617
Book value as at 31 December	**17**	**48**

The following amortisation/depreciation percentages are used:

Amortisation/depreciation percentages

	%
Refurbishing	12
Fixtures and fittings	20
Computer equipment	33
Other assets	33

3 Financial fixed assets

in thousands of euros	31-12-2007	31-12-2006
Participations in group companies	7,107	8,929
Granted loans to third party's	45	90
	7,152	**9,019**
Movements in participations:		
Net asset value as at 1 January	**8,929**	**11,951**
Capital injections	652	218
Sale/divestment of group companies	-4,022	-68
Acquisitions of group companies	-	659
Dividend received	-3,808	-2,378
Result from participations	2,793	-1,493
Exchange rate differences	-1	-21
Change in provisions for negative net asset value	2,564	61
Net asset value as at 31 December	**7,107**	**8,929**

The carrying amount of the in 2003 issued subordinated loan to Kenfil Distribution B.V. was € 400,000 as per December 31, 2005. This amount has been collected in the first quarter of 2006.

In October 2003, the company issued a loan of € 90,000 to Secundo B.V., the holding company of CMedia Productions B.V. The loan is subordinated to all Secundo's obligations to its bank. The interest on this loan on an annual basis is 6% and the loan will be repaid in two equal instalments, on 1 October 2007 and 1 October 2008. The carrying amount as per 31 December, 2007 is € 45,000 (2007: € 90,000).

4 Other receivables

in thousands of euros	31-12-2007	31-12-2006
Receivables from group companies	3,299	688
Deferred taxation	1,250	1,672
Other accounts receivable, prepayments and accrued income	333	254
	4,882	**2,614**

The deferred tax asset of € 1,250,000 (2006: € 1,672,000) is based on the tax loss carry-forward facilities for the fiscal unity for corporate income taxes (in the Netherlands). This deferred tax assets is off-set by deferred tax liabilities recognised for other companies within the fiscal unity for corporate income taxes. No deferred tax asset has been recognised for the fiscal unity as a whole as it is not probable that it will be utilised in the near future.

5 Current liabilities, accruals and deferred income

in thousands of euros	31-12-2007	31-12-2006
Bank overdraft	-	4,955
Short term portion of loans	-	3,075
Trade creditors	629	335
Debts to group companies	1,278	2,379
Taxation and social security charges	10	60
Other debts, accruals and deferred income	285	1,347
	2,202	**12,151**

All short-term debts have a term of less than one year.

As at 31 December 2007, the company had no current account credit facilities (2006: € 4.4 million).

6 Long-term liabilities

in thousands of euros	31-12-2007	31-12-2006
Secured loans	1,500	1,000
	1,500	**1,000**

See page 58 for further details on secured loans.

7 Provisions

in thousands of euros	31-12-2007	31-12-2006
Provision for negative equity group companies	3,876	1,312
Liability for long service benefits	-	1
	3,876	**1,313**

8 Shareholders' equity

Movements of the shareholders' equity can be stated as

Shareholders' equity Capital and reserves

in thousands of euros	share capital	share premium	legal reserves	trans-lation reserves	accu-mulated deficit	unallocated current year's result	total
Balance as at 31 December 2005	**7,024**	**22,128**	**8,678**	**-32**	**-26,516**	**-1,482**	**9,800**
Appropriation of result	-	-	-	-	-1,482	1,482	-
Exchange rate differences participating interests	-	-	-	-20	-	-	-20
Transfer from other reserves	-	-	-618	-	618	-	-
Result financial year	-	-	-	-	-	-6,560	-6,560
Balance as at 31 December 2006	**7,024**	**22,128**	**8,060**	**-52**	**-27,380**	**-6,560**	**3,220**
Issue of new shares	1,843	581	-	-	-	-	2,424
Other movements	-	-	-	-	-11	-	-11
Appropriation of result	-	-	-	-	- 6,560	6,560	-
Exchange rate differences participating interests	-	-	-	48	-	-	48
Transfer from other reserves	-	-	-1,360	-	1,360	-	-
Result financial year	-	-	-	-	-	4,616	4,616
Balance as at 31 December 2007	**8,867**	**22,709**	**6,700**	**-4**	**-32,591**	**4,616**	**10,297**

The authorised share capital consists of 10,000,000 ordinary shares and 5,000,000 preference shares of € 2 nominal value per share. 4,433,702 ordinary shares (2006: 3,512,120) were issued and paid up as at 31 December 2007.

The formed legal reserve is made on account of the capitalisation of costs of in-house developed software.

The share premium reserve includes payments with regard to the issue of shares insofar as these payments exceed the nominal value of the shares (payment above par). Of the share premium reserve, at least € 11.5 million (2006: € 11.5 million) can be regarded as tax-exempt share premium in accordance with the 'Wet inkomstenbelasting 1964' (Income Tax Act 1964).

The unallocated current year's profit amounting to € 4,616,000 will be charged to the accumulated deficit.

Off-balance sheet commitments

The company has entered into lease agreements whereby the total annual costs amount to € 6,000 (year-end 2006: € 113,000). The average remaining term of the lease agreements is 2.5 years.

Blue Fox heads a fiscal entity for corporate income tax purposes, to which all the Dutch 100% participating interests at year-end 2007 belong. On this basis, the company is wholly and severally liable for the tax commitments of the fiscal entity as a whole.

Options

In 2007 no new options were issued, no options were excercised and 43,000 options were cancelled.

date granted	term	issued options	outstanding options	exercised/ cancelled	exercise price (€)
May 2003	2008	33,980	11,840	22,140	5,80
May 2004	2009	27,400	9,780	17,620	6,34
Total		**61,380**	**21,620**	**39,760**	

As per 31 December 2007, the Members (and former Members) of the Board of Directors and the Supervisory Board hold no options outstanding (2006: 3,750).

Company profit and loss account for 2007

Staff In 2007, the company had an average of 2 staff members (2006: 8 staff members).

Remuneration of the Supervisory Board and Board of Directors

The remuneration in 2007 of directors and supervisory directors was as follows:

in euros	gross compensation * 2007	gross compensation * 2006	bonusses 2007	bonusses 2006	pension expenses 2007	pension expenses 2006
Supervisory Board						
Servaas L.M. Houtakkers [1]	107,000	90,000	-	-	-	-
Pierre A.M. Pellenaars [2]	9,500	19,000	-	-	-	-
Ton Pannekoek [3]	9,500	19,000	-	-	-	-
Leon P.E.M. van den Boom	19,000	19,000	-	-	-	-
	145,000	**147,000**	**-**	-	**-**	-
Board of Directors						
Sjoerd W. Eisma [4,5]	-	646,875	-	-	-	19,688
Roelof J. Brolsma [6,7]	-	571,478	-	-	-	27,655
Cees J.J. van Steijn [8]	360,000	150,000	150,000	-	-	-
	360,000	**1,368,353**	**150,000**	-	**-**	**47,343**

* Gross compensation is exclusive of bonusses, social security charges and pension expenses.

1 Servaas L.M. Houtakkers has acted as delegated supervisory director as of 19 May 2006 and as such received additional compensation in 2007 of € 83,000 (2006: 66,000)
2 Pierre A.M. Pellenaars resigned from the supervisory board as per 25 May 2007
3 Ton Pannekoek resigned from the supervisory board as per 25 May 2007
4 Sjoerd W. Eisma left the company as per 15 November 2006
5 Gross compensation 2006 includes severance payments of € 450,000
6 Roelof J. Brolsma left the company as per 1 July 2007. He resigned from the board on 1 December 2006
7 Gross compensation 2006 includes severance payments of € 328,500 and pension expenses 2006 include pension premiums 2007 for € 8,000
8 Cees J.J. van Steijn joined the company as per 1 August 2006

Vianen, 10 April 2008

The Board of Directors
Cees J.J. van Steijn, Chairman

The Supervisory Board
Servaas L.M. Houtakkers, Chairman
Leon P.E.M. van den Boom

11 Other information

To the Supervisory Board and Shareholders of Blue Fox Enterprises N.V.:

Auditor's report

Report on the financial statements We have audited the accompanying financial statements 2007 of Blue Fox Enterprises N.V., Vianen. The financial statements consist of the consolidated financial statements and the company financial statements.
The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the consolidated income statement, the consolidated statement of recognised income and expense and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2007, the company profit and loss account for the year then ended and the notes.

Management's responsibility Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires 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 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 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 financial statements.

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

Opinion with respect to the consolidated financial statements In our opinion, the consolidated financial statements give a true and fair view of the financial position of Blue Fox Enterprises N.V. as at 31 December 2007 and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements In our opinion, the company financial statements give a true and fair view of the financial position of Blue Fox Enterprises N.V. as at 31 December 2007 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 10 April 2008
KPMG Accountants N.V.
J. Boer RA

Statutory provisions concerning result appropriation

Pursuant to article 28 of the Articles of Association, the profit is at the disposal of the Annual General Meeting of Shareholders.

Proposal result appropriation 2007

The unallocated current year's result amounting to € 4,616,000 will be charged to the accumulated deficit.

Group offices

The following offices with operating activities are part of the Group:

Company	Based in	business address	Managing Director(s)
Blue Fox Enterprises N.V.	the Netherlands (Vianen)	Ir. D.S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 755 fax +31 347 329 736	C.J.J. van Steijn (1951)
Blue Fox Enterprises B.V.	the Netherlands (Vianen)	Ir. D.S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 755 fax +31 347 329 736	C.J.J. van Steijn (1951)
Blue Fox IPR B.V.	the Netherlands (Vianen)	Ir. D.S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 755 fax +31 347 329 736	Blue Fox Enterprises B.V.
TOPCAD B.V.	the Netherlands (Vianen)	Ir. D.S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 755 fax +31 347 329 736	Blue Fox Enterprises B.V.
Blue Fox NedGraphics B.V.	the Netherlands (Vianen)	Ir. D. S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 696 fax +31 347 329 699	C.J. van Stam (1961) Blue Fox Enterprises B.V.
Blue Fox NedGraphics B.V.	China (Shanghai)	29/F Pufa Tower, Room H 588 Pudong South Road Pu Dong Xi Qu Shanghai 200120 telephone + 86 21 5840 3828 fax +86 21 5876 7655	C.J. van Stam (1961) Blue Fox Enterprises B.V.
Blue Fox MDP B.V.	the Netherlands (Vianen)	Ir. D. S. Tuynmanweg 10 4131 PN Vianen telephone +31 347 329 755 fax +31 347 329 736	Blue Fox Enterprises B.V.
Blue Fox NedGraphics BvBa	Belgium (Deerlijk)	Nijverheidslaan 54b 8540 Deerlijk telephone +32 56 78 28 00 fax +32 56 78 28 08	C.J. van Stam (1961) Blue Fox Enterprises B.V.
Blue Fox NedGraphics of Tennessee Inc.	USA (Chattanooga)	6142 Shallowford Road Suite 101 Chattanooga, TN 37421 telephone +1 423 892 03 89 fax +1 423 892 15 32	E. Vimont (1961) M. Sherman (1968)
Blue Fox NedGraphics Ltd.	UK (Dukinfield)	8 Parkin Close Cheshire, Dukinfield SK16 4DD telephone +44 161 343 84 01 fax +44 161 343 84 01	Blue Fox Enterprises B.V.
Blue Fox NedGraphics SA	France (Paris)	79-81, Rue du Faubourg Poissonnière 75009 Paris telephone +33 1 53 26 26 26 fax +33 1 53 26 26 10	C.J. van Stam (1961)
Blue Fox NedGraphics Inc.	USA (New York)	104 West 40th Street 12th floor New York, NY 10018 telephone +1 212 921 27 27 fax +1 212 768 44 88	E. Vimont (1961) M. Sherman (1968)
Blue Fox NedGraphics Inc.	USA (Charlotte)	1801 Cross Beam Drive NC 28217 Charlotte telephone +1 704 357 35 80 fax +1 704 357 35 83	E. Vimont (1961) M. Sherman (1968)
Blue Fox Srl	Romania (Bucharest)	Str. Badea Cartan nr. 15 Sector 2 020000-024500 Bucharest telephone +40 21 212 24 17 fax +40 21 212 21 74	Blue Fox Enterprises B.V.
Blue Fox Porini Srl	Italy (Lomazzo)	Via Trento 7 22074 Lomazzo CO telephone +39 02 96 94 101 fax +39 02 96 77 94 66	E. Porini (1934) E. Turconi (1951) R. Sozzi (1961) D. Giustina (1970)

Company	Based in	business address	Managing Director(s)
Dynamics Perspective Inc. (formerly: Blue Fox Porini Inc.)	USA (Los Angeles)	31416 Agoura Road Suite 150 Westlake Village (LA), CA 91361 Los Angeles telephone +1 818 887 08 40 fax +1 818 313 79 00	P. Jennings (1954) M. Sherman (1968)
Blue Fox Porini Textile Inc.	USA (Chattanooga)	6142 Shallowford Road Chattanooga, TN 37421 telephone +1 423 954 30 07 fax +1 423 892 15 32	J. Buchan (1972) M. Sherman (1968)
Dynamics Perspective Inc. (formerly: Blue Fox Porini Inc.)	USA (New York)	104 West 40th Street 12th floor New York, NY 10018 telephone +1 212 827 79 90 fax +1 212 768 44 88	P. Jennings (1954) M. Sherman (1968)
Blue Fox Porini Lda	Portugal (Matosinhos)	Praceta D. Nuno Alvares Pereira, Nº 20, 4° ES 4450-218 Matosinhos telephone +351 22 937 15 17 fax +351 22 937 39 63	F.A.M. Perreira (1966)