



Annual Report
2013/14
BRAIN FORCE HOLDING AG

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* reviewed by the auditor

Earnings Data		2012/13	2013/14	Change in %
Revenues	<i>in € million</i>	8.24	5.52	-33
EBITDA ¹⁾	<i>in € million</i>	-1.08	-1.80	-67
EBIT ¹⁾	<i>in € million</i>	-1.15	-1.86	-61
Earnings from continuing operations	<i>in € million</i>	-0.15	-1.69	>100
Earnings from discontinued operations	<i>in € million</i>	2.85	7.30	>100
Result of the period	<i>in € million</i>	2.70	5.61	>100

Balance Sheet Data and employees		9/30/2013	9/30/2014	Change in %
Balance sheet total	<i>in € million</i>	43.01	28.11	-35
Equity	<i>in € million</i>	19.22	24.91	30
Equity ratio	<i>in %</i>	45	89	>100
Net liquid funds (+)	<i>in € million</i>	5.23	19.23	>100
Employees at reporting date in continuing operations ²⁾		16	14	-13
Employees on average in continuing operations ²⁾		16	15	-6
Employees at reporting date in discontinued operations ²⁾		788	747	-5
Employees on average in discontinued operations ²⁾		768	789	3

Cash Flow		2012/13	2013/14	Change in %
Cash Flow from operating activities	<i>in € million</i>	4.46	2.91	-35
Free Cash Flow ³⁾	<i>in € million</i>	11.22	12.36	10

Stock Exchange Data ⁴⁾		2012/13	2013/14	Change in %
Earnings per share	<i>in €</i>	0.18	0.36	>100
Dividend per share	<i>in €</i>	0.00	0.00	0
Equity per share	<i>in €</i>	1.25	1.62	31
Share price high	<i>in €</i>	0.93	2.00	>100
Share price low	<i>in €</i>	0.58	0.84	45
Share price at year-end	<i>in €</i>	0.84	1.59	89
Shares outstanding (weighted)	<i>in 1,000</i>	15,387	15,387	0
Market capitalization	<i>in € million</i>	12.92	24.46	89

Segments 2013/14 in € million	Germany		Austria		Holding		Consolidation		BRAIN FORCE Group		Discontinued Operations	
Revenues	5.45	(-31%)	0.01	(-96%)	0.18	(+42%)	-0.12	(+7%)	5.52	(-33%)	86.56	(+8%)
EBITDA ¹⁾	-0.20	(<100%)	0.05	(-78%)	-1.65	(-11%)	0.00	-	-1.80	(-67%)	5.71	(+2%)
EBIT ¹⁾	-0.23	(<100%)	0.04	(-80%)	-1.66	(-11%)	0.00	-	-1.86	(-61%)	4.26	(+5%)
Investments	0.01	(-95%)	0.00	(-95%)	0.02	(>100%)	0.00	-	0.03	(-81%)	1.01	(-26%)

¹⁾ without recharged costs for brand licensing and Group services

²⁾ including salaried and free-lance employees

³⁾ Cash flow from operating activities less cash flow from investing activities plus acquisitions

⁴⁾ Vienna Stock Exchange

Foreword

Chief Executive's Review



Dear shareholders,

the fiscal year 2013/14 was characterized by the disposal of substantial holdings. In June 2014 BRAIN FORCE HOLDING AG announced its intention to sell its holdings in BRAIN FORCE Software GmbH (Germany) and BRAIN FORCE S.p.A. (Italy). In the Extraordinary General Meeting of

July 25, 2014 the intended sale of the holdings was approved. BRAIN FORCE HOLDING AG held 100% of the shares of BRAIN FORCE Software GmbH (Germany) and of BRAIN FORCE S.p.A. (Italy). Together with the transfer of the two shareholdings, also their subsidiaries BRAIN FORCE B.V. (Netherlands), BRAIN FORCE GmbH (Austria), BRAIN FORCE SOFTWARE s.r.o. (Czech Republic) and Brain Force Software s.r.o. (Slovak Republic) were transferred to CEGEKA GROEP NV. BRAIN FORCE HOLDING AG as well as Network Performance Channel Group remain continuing operations.

In October 2014 Pierer Group informed about its intention to merge CROSS Industries AG into BRAIN FORCE HOLDING AG. Within the next months the required preparatory work, assessments, decisions and corporate actions will be compiled. The realization of the transaction is expected in the first half of 2015.

Furthermore at the beginning of November 2014 the Management Board of BRAIN FORCE HOLDING AG was informed that Pierer Industrie AG, majority shareholder of BRAIN FORCE HOLDING AG, submitted a voluntary takeover offer to the shareholders of BRAIN FORCE HOLDING AG with regard to the intended stock exchange listing of CROSS Industries AG by means of a merger with BRAIN FORCE HOLDING AG. According to the information provided by Pierer Industrie AG, the offer price of the tender offer will be € 1.80 per share. The Net Asset Value (NAV) of the company amounted to approximately € 1.63 per share on balance sheet date September 30, 2014. The announced voluntary public offer is an accompanying measure to the planned merger and provides the possibility to the shareholders of BRAIN FORCE HOLDING AG which in the course of the reorientation of the company as an automotive group intend to exit the company for an appropriate price.

The result of BRAIN FORCE HOLDING AG is characterized by the disposal of the substantial holdings. The sold companies were deconsolidated as of September 30, 2014 and are shown as "discontinued operations" in the Income Statement of fiscal year 2013/14.

The BRAIN FORCE Group generated a result of the period of € 5.61 m after € 2.7 m in the previous year. As a result the earnings per share are € 0.36 compared to € 0.18 per share in the previous year.

The sale of the substantial holdings further strengthened the balance sheet structure. As of September 30, 2014 the Group's equity increased by 30% to € 24.91 m, which is an equity ratio of 89% (previous year: 45%). The net funds (liquid funds less financial liabilities) amounted to € 19.23 m as of September 30, 2014 and could be extended further compared to last year (€ 5.23 m).

For the short financial year 2014 (October until December 2014) BRAIN FORCE aims at further growth in revenues and operating result. The Network Performance Channel Group tries to compensate the decline in business of IXIA TECHNOLOGIES INTERNATIONAL LIMITED, USA, by adding new manufacturers to the product range and to expand the business.

The development of the share price showed a significant increase by 89% to € 1.59 (Vienna Stock Exchange) at balance sheet date September 30, 2014 compared to last fiscal year. The withdrawal of the shares of BRAIN FORCE HOLDING AG from the Regulated Market of the Vienna Stock Exchange and the simultaneously planned involvement in the Third Market of the Vienna Stock Exchange was not approved by the Austrian Administrative Court. Therefore the shares of BRAIN FORCE HOLDING AG will continue to be listed on the Regulated Market of the Vienna Stock Exchange.

BRAIN FORCE HOLDING AG started a share buy-back program in March 2014. This buy-back program affects no par value shares of BRAIN FORCE HOLDING AG, of which a maximum of 10% of the share capital can be bought back. The purchase price of the shares will be the average rate of the last five stock exchange days with a margin of +/- 20%.

At this point I would like to take the opportunity to sincerely thank our employees for their dedication and hard work in the successful fiscal year 2013/14. Let me also express my thanks to our customers, business partners and shareholders for their confidence in us. We are fully committed to surpass your expectations.

Vöcklabruck, in November 2014

Michael Hofer
CEO

Report of the Supervisory Board

The Supervisory Board of BRAIN FORCE HOLDING AG held a total of five meetings in fiscal year 2013/14 intensively discussing the overall economic situation and the future strategic development of the company and its group companies as well as significant events. Within the context of its regular reporting and with comprehensive reports submitted in all meetings, the Management Board informed the Supervisory Board about the present state of the business and the financial position of the group as well as the personnel situation. Additional information was supplied about extraordinary developments.

Furthermore the Supervisory Board with the participation of the Management Board discussed during their board meetings the disposal of substantial holdings and the corporation's annual financial statements. The Supervisory Board reviewed significant business events and resolved issues requiring its approval.

The committees dealt in detail with individual specialized issues and subsequently reported their findings to the Supervisory Board. The Presidium of the Supervisory Board was regularly informed about the current business situation by the Management Board. The Audit Committee convened twice, the Remuneration and the Nomination Committee convened also twice.

The annual financial statements and the Management Report of BRAIN FORCE HOLDING AG as well as the consolidated financial statements as at September 30, 2014 in accordance with IFRS were audited by PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna and granted an unqualified auditor's opinion. All documentation related to the annual financial statements and the Independent Auditor's Report were discussed in detail with the auditor at the Audit Committee meeting held on November 25, 2014 and presented to the Supervisory Board together with the Management Reports and the Corporate Governance Report at its subsequent meeting. The Audit Committee reported to the Supervisory Board that it agreed with the result of the audit and reached the conclusion, that the review of the financial statements and management as well as the consolidated financial statements, the group management report and the Corporate Governance Report for fiscal year 2013/14 and the documents submitted for auditing are correct and in compliance with the law. The Management Board's decision regarding accounting policy is economic and practical and there is no reason for any objections.

The Supervisory Board agrees with the report of the Audit Committee and thereby with the result of the audit. In the Supervisory Board's final conclusion of the financial statements and the management report as well as the consolidated financial statements, the Group Management report and the Corporate Governance Report for fiscal year 2013/14, gives no reason for any objections.



Accordingly, the annual financial statements were adopted by the Supervisory Board in accordance with Art. 96 (4) of the Austrian Stock Corporation Act. and the Supervisory Board approves the consolidated financial statements and the management report for fiscal year 2013/14. Moreover, due to recommendation of the Audit Committee a proposal for the election of the auditors for the short fiscal year 2014 (October 1 until December 31, 2014) was prepared for the 17th Annual General Meeting on December 17, 2014.

The Supervisory Board would like to thank the management as well as all employees for their dedication and hard work in the past fiscal year 2013/14.

Vöcklabruck, in November 2014

Stefan Pierer
Chairman of the Supervisory Board

Corporate Governance Report

Corporate Governance at BRAIN FORCE

BRAIN FORCE pursues a strategy to ensure the sustainable enhancement of shareholder value. The goal of the Management and Supervisory Boards is to implement a strict policy focusing on good corporate governance and transparency, and the ongoing further development of an efficient system of corporate control. This approach is designed to create confidence in the company and establish the basis for long-term value creation.

BRAIN FORCE is committed to complying with the Austrian Corporate Governance Code (ÖCGK), and has pledged to adhere to the guidelines contained in it. Accordingly, the company oriented its business operations in the 2013/14 fiscal year from October 1, 2013 to September 30, 2014 by the July 2012 version of the Austrian Corporate Governance Code. In addition to observing the obligatory "L-Rules" (Legal Requirements), the BRAIN FORCE Group abided by the currently valid Austrian Corporate Governance Code during the past fiscal year, bearing in mind the explanations provided below:

"C-Rule 18": No separate internal audit department has been set up in the light of the company's size. However, BRAIN FORCE has established an internal controlling and reporting system enabling the Management Board to identify risks and quickly implement an appropriate response. The Supervisory Board, particularly the Audit Committee, is regularly informed about the internal control mechanisms and risk management throughout the group. Further information on risk management can be found in the consolidated financial statements per September 30, 2014.

"C-Rule 36": The Supervisory Board strives to continually improve its organization, work procedures and efficiency. An explicit self-evaluation did not take place in the fiscal year under review.

"C-Rule 45": The Supervisory Board member Josef Blazicek also served on the Supervisory Board of update Software AG, which offers front office business solutions for similar branches as does BRAIN FORCE Software GmbH, Munich. Josef Blazicek resigned from the Supervisory Board of update Software AG on August 26, 2014.

"C-Rule 83": The auditor of the consolidated financial statements also made an assessment of the effectiveness of the risk management system of the BRAIN FORCE Group within the context of the annual audit in 2009/10, and subsequently presented its findings to the Supervisory Board and Management Board. In the light of the company's size, this assessment was not carried out since then.

The updated version of the Austrian Corporate Governance Code and the Corporate Governance Report are available at www.brainforce.co.at under the heading "Investors". A compliance code implementing the provisions contained in the Issuer Compliance

Regulation of the Austrian Financial Market Authority was enacted in the company as a means of preventing insider trading. Adherence to the guidelines is continually monitored by a compliance officer.

BRAIN FORCE HOLDING AG is committed to the principle of transparency and the goal of providing a "true and fair view" for the benefit of all shareholders. All relevant information is published in our annual report, quarterly reports, on the corporate website and within the context of our ongoing press relations work. Reports are prepared in accordance with the internationally recognized accounting principles contained in the International Financial Reporting Standards (IFRS). BRAIN FORCE HOLDING AG also informs its shareholders about all issues and developments of relevance to the company by means of ad-hoc announcements and corporate news. The financial calendar points out important dates. Comprehensive information is published in the "Investors" section of the BRAIN FORCE website, and is thus available to all shareholders at the same time.

The company has issued a total of 15,386,742 ordinary, no-par value bearer shares. There are no preferential shares or restrictions on these no-par value bearer shares. Accordingly, the principle of "one share – one vote" fully applies. The Austrian Takeover Act ensures that every shareholder will receive the same price for BRAIN FORCE shares in the case of a takeover bid (public tender offer). The shareholder structure is depicted in the chapter "The Company" of the annual report.

The Management Board manages the business of the company under its own responsibility in compliance with valid legal regulations, the Articles of Association of BRAIN FORCE HOLDING AG and the internal rules of procedure. The internal rules of procedure primarily stipulate the assignment of responsibilities as well as a list of measures requiring the approval of the Supervisory Board. The Supervisory Board conducts its business in accordance with valid legal regulations, the Articles of Association and its internal rules of procedure.

The Management Board provides information to the Supervisory Board within the framework of regular meetings (at least once in each quarterly period). Additional meetings are held when necessary, for example to prepare an Annual General Meeting, to consult on the budget or discuss current strategic decisions. As a result, the Supervisory Board has access to all the relevant information required enabling it to perform its consulting and supervisory duties. Five meetings of the Supervisory Board were held in the fiscal year from October 1, 2013 to September 30, 2014. In line with the Austrian Corporate Governance Code, the Management Board and Supervisory Board maintain ongoing contact above and beyond the formal sessions to discuss the orientation of the company. Depending on the significance and type of duty to be fulfilled, the Supervisory

Board has also established committees to carry out specific functions. The members and designated responsibilities of the Supervisory Board committees are presented in the chapter "Management Board and Committees" in the annual report. Every Supervisory Board member took part in more than half of the Supervisory Board meetings.

The Supervisory Board has enacted guidelines to determine the independence of Supervisory Board members of BRAIN FORCE HOLDING AG in accordance with Rule 53 of the Austrian Corporate Governance Code:

- ▶ **Criterion 1:** The Supervisory Board member was not a member of the Management Board or a top executive of BRAIN FORCE HOLDING AG or a subsidiary of BRAIN FORCE HOLDING AG in the previous five-year period.
- ▶ **Criterion 2:** The Supervisory Board member did not maintain any business ties with BRAIN FORCE HOLDING AG in the previous five-year period which may be considered significant in scope for a Supervisory Board member. This also applies to related party transactions with companies in which the Supervisory Board member has a considerable economic interest. Approval of individual transactions by the Supervisory Board pursuant to C-Rule 48 of the Austrian Corporate Governance Code does not automatically disqualify the Supervisory Board member as being independent.
- ▶ **Criterion 3:** The Supervisory Board member was not an auditor of BRAIN FORCE HOLDING AG, a shareholder or employee of the auditing company over the previous three years.
- ▶ **Criterion 4:** The Supervisory Board member is not a member of the Management Board of another company, in which a member of the Management Board of BRAIN FORCE HOLDING AG serves on its Supervisory Board.
- ▶ **Criterion 5:** The Supervisory Board member has not been on the Supervisory Board of BRAIN FORCE HOLDING AG for more than 15 years. This does not apply to Supervisory Board members, who own more than a 10% stake in the company or who represent the interests of such a shareholder.
- ▶ **Criterion 6:** The Supervisory Board member is not a close family member (direct descendant, spouse, common law spouse, parent, uncle, aunt, sibling, niece and nephew) of a member of the Management Board of BRAIN FORCE HOLDING AG or of people, who fulfill one of the other five criteria.

All Supervisory Board members of BRAIN FORCE HOLDING AG are to be considered as independent in line with the abovementioned guidelines. Corresponding declarations were submitted by all Supervisory Board members. The main responsibility of the Supervisory Board is to supervise the work of the Management Board in accordance with Art. 95 Austrian Stock Corporation Act.

This responsibility is being completely carried out by the currently appointed Supervisory Board. The company has a free float of no more than 20%. At least one member of the Supervisory Board (Christoph Senft) is neither owner of the company with a stake of more than 10%, nor does he represent the interests of a major shareholder. Employees of BRAIN FORCE HOLDING AG have not elected a works council. For this reason, no employee representative is a member of the Supervisory Board.

BRAIN FORCE HOLDING AG has neither granted loans to Management nor Supervisory Board members. In fiscal year 2013/14 a transfer agreement for the provision of a Management Board member with HOFER Management GmbH, Vöcklabruck, a company in which the CEO of BRAIN FORCE HOLDING AG has a 100% share, existed until December 31, 2013. In January 2014 BRAIN FORCE HOLDING AG concluded a management contract with Michael Hofer. Service relationships exist between BRAIN FORCE HOLDING AG and Pierer Konzerngesellschaft mbH, Wels, HOFER Management GmbH, Vöcklabruck as well as CROSS Industries AG, Wels, which have an impact on the financial position.

All vacant job positions in the BRAIN FORCE Group are filled regardless of gender and in accordance with objective qualification criteria. In this company, a specific program to promote the career advancement of women has not been set up.

PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna was appointed by the 16th Annual General Meeting to serve as the auditors of the consolidated annual financial statements and annual financial statements of BRAIN FORCE HOLDING AG for the fiscal year between October 1, 2013 and September 30, 2014. In addition to this work, PwC and partner offices around the world also sporadically perform tax and financial consulting services on behalf of the BRAIN FORCE Group. Expenditures for the auditor consisted of: audit of the consolidated statements € 29,315 (previous year: € 31,000), other auditing services € 9,500 (previous year: € 10,000) and other services € 17,412 (previous year: € 6,348). At the present time no contractual agreements exist for PwC to provide project-related consulting services in the new fiscal year.

Management Board



Michael Hofer (born 9/18/1960)
Chief Executive Officer
Initially appointed: 10/19/2009
End of current term: 12/31/2016

Michael Hofer, who has a doctorate in business administration, has served as Chief Executive Officer of BRAIN FORCE HOLDING AG since October 19, 2009. His professional career began in 1983, when he held a chair in the science of advertising and market research at the University of Vienna. In 1991 he became product manager at Eternit-Werke Ludwig Hatschek AG and in 1994 assumed the position of managing director of

Trumag Trunkenbolz VertriebsgmbH. As of 1996 Michael Hofer served as the executive officer of Welsermühl Holding AG. From 1997 to 2005 he worked in various positions for KTM Sportmotorcycle AG in the fields of organization, IT, accounting, human resources and sales logistics. He also served on the company's management board for two and a half years. Before being appointed CEO of BRAIN FORCE HOLDING AG, he was the sole managing director of Eternit-Werke Ludwig Hatschek AG for about four years in the period from 2005 to 2009, and a member of the Supervisory Board of BRAIN FORCE HOLDING AG as of May 28, 2008.

Areas of responsibility of Michael Hofer:

- ▶ Operations
- ▶ Marketing
- ▶ Legal Management
- ▶ Public Relations



Michaela Friepess (born 3/15/1972)
Chief Financial Officer
Initially appointed: 12/12/2013
End of current term: 12/31/2016

Michaela Friepess holds a master's degree in business administration and was appointed CFO of BRAIN FORCE HOLDING AG in December 2013. She started her professional career as financial analyst and in the department of business development at GE Capital Bank in Vienna and Paris. She held this position from 1998 until 2003. In September 2003 she started her occupation at the CROSS Industries Group, where she still

works in the management of shareholdings and as a compliance officer. Michaela Friepess is also authorized representative of Pierer Konzerngesellschaft mbH, Pierer Industrie AG and CROSS Industries AG. Furthermore she is managing director of Network Performance Channel GmbH, Austria and Germany as well as member of the Supervisory Board of Wirtschaftspark Wels Errichtungs- und Betriebs-Aktiengesellschaft.

Areas of responsibility of Michaela Friepess:

- ▶ Finance & Administration
- ▶ Investor Relations
- ▶ Human Resources
- ▶ Internal Communications

Areas of responsibility shared by all members of the Management Board:

- ▶ Business Strategy
- ▶ Strategic Projects

The members of the Management Board do not serve on other management or supervisory boards of other domestic or foreign companies which are not part of the BRAIN FORCE Group.

Hannes Griesser (born 2/2/1967)
Chief Financial Officer
Initially appointed: 1/1/2012
End of term: 12/31/2013

Hannes Griesser has a degree in Business Administration and was appointed CFO of BRAIN FORCE HOLDING AG on January 1, 2012. He started his career at BRAIN FORCE in September 2000 in the field of group consolidation and was in charge of Corporate Accounting since April 2001. In July 2008 Hannes Griesser was granted power of attorney. From December 2007 until December 2009

he was manager of BRAIN FORCE SOFTWARE GmbH, Vienna, responsible for finance. Before his career at BRAIN FORCE Hannes Griesser worked for several medium-sized tax advice and auditing companies.

Areas of responsibility of Hannes Griesser:

- ▶ Finance & Administration
- ▶ Investor Relations
- ▶ Human Resources
- ▶ Internal Communications

Members and Committees of the Supervisory Board

In the fiscal year 2013/14 lasting from October 1, 2013 to September 30, 2014, the Supervisory Board of BRAIN FORCE HOLDING AG consisted of the following members elected by the Annual General Meeting:

Stefan Pierer (born 11/25/1956)

- ▶ Chairman of the Supervisory Board
- ▶ Independent pursuant to Rule 53 Austrian Corporate Governance Code (ÖCGK)
- ▶ First elected: May 28, 2008
- ▶ Term of office until the end of the annual general meeting resolving upon the fiscal year 2015/16

Other major functions:

- ▶ Chief Executive Officer of KTM AG
- ▶ Chief Executive Officer of CROSS Industries AG
- ▶ Chairman of the Supervisory Board of Pankl Racing Systems AG
- ▶ Chairman of the Supervisory Board of WP AG

Friedrich Roithner (born 3/10/1963)

- ▶ Deputy Chairman of the Supervisory Board
- ▶ Independent pursuant to Rule 53 Austrian Corporate Governance Code (ÖCGK)
- ▶ First elected: May 28, 2008
- ▶ Term of office until the end of the annual general meeting resolving upon the fiscal year 2015/16

Other major functions:

- ▶ Management Board member of KTM AG
- ▶ Management Board member of CROSS Industries AG
- ▶ Supervisory Board member of Pankl Racing Systems AG
- ▶ Supervisory Board member of WP AG

Christoph Senft (born 3/7/1961)

- ▶ Supervisory Board member
- ▶ Independent pursuant to Rule 53 Austrian Corporate Governance Code (ÖCGK)
- ▶ First elected June 12, 2003
- ▶ Term of office until the end of the annual general meeting resolving upon the fiscal year 2013/14

Other functions:

- ▶ Managing Director and shareholder of MWS Industrieholding GmbH

Josef Blazicek (born 2/15/1964)

- ▶ Supervisory Board member
- ▶ Independent pursuant to Rule 53 Austrian Corporate Governance Code (ÖCGK)
- ▶ First elected: May 28, 2008
- ▶ Term of office until the end of the annual general meeting resolving upon the 2015/16 fiscal year

Other major functions:

- ▶ Deputy Chairman of the Supervisory Board of CROSS Industries AG, since June 25, 2014 Chairman
- ▶ Chairman of the Supervisory Board of BEKO HOLDING AG
- ▶ Supervisory Board member of update software AG (until August 26, 2014)

- ▶ Deputy Chairman of the Supervisory Board of Pankl Racing Systems AG
- ▶ Chairman of the Supervisory Board of KTM AG

Michaela Friepess (born 3/15/1972)

- ▶ Supervisory Board member
- ▶ Independent pursuant to Rule 53 Austrian Corporate Governance Code (ÖCGK)
- ▶ First elected: July 18, 2013
- ▶ Term of office: December 12, 2013
- ▶ Function change: since December 12, 2013 member of the Management Board

Audit Committee

Members: Friedrich Roithner (Chairman), Christoph Senft (Deputy Chairman), Josef Blazicek

The duties of the Audit Committee include:

- ▶ Supervising (Group) accounting processes
- ▶ Overseeing the work of the auditors
- ▶ Audit and preparations for the approval of the annual financial statements, proposals for the distribution of the profits and the management report
- ▶ Audit of the consolidated financial statements
- ▶ Developing a proposal for the selection of the auditors
- ▶ Supervising the internal control and risk management system

Two meetings of the Audit Committee were held during the fiscal year 2013/14 lasting from October 1, 2013 to September 30, 2014, primarily focusing on the following issues:

- ▶ December 2013: Auditor's Report on the audit of the financial statements for the fiscal year ending September 30, 2013, Preparation of a recommendation to the Supervisory Board for the election of an auditor for the short fiscal year 2014
- ▶ September 2014: Report of the auditor on the result of preliminary audit of the financial statements as of September 30, 2014, Report of the Management Board on the budget for the short fiscal year 2014

Remuneration and Nomination Committee

Members: Stefan Pierer (Chairman), Friedrich Roithner (Deputy Chairman)

The duties of the Remuneration and Nomination Committee include:

- ▶ Developing proposals to fill positions on the Management Board and Supervisory Board
- ▶ Remuneration of members of the Management Board
- ▶ Employment contracts with members of the Management Board

Two meetings of the Remuneration and Nomination Committee were held during the fiscal year 2013/14 lasting from October 1, 2013 to September 30, 2014 primarily focusing on the agreements of the variable compensation for fiscal year 2013/14 for the Management Board members, the dismissal of Hannes Griesser, as well as the conclusion of the Management Contract of Michael Hofer.

Remuneration Report

The Remuneration Report summarizes the principles applied in determining the remuneration paid to the Management Board of BRAIN FORCE HOLDING AG, and explains the amount and structure of the income received by the members of the Management Board. In addition, the report also presents the principles and amount of remuneration paid to the members of the Supervisory Board. The Supervisory Board delegated responsibility for determining the remuneration for the BRAIN FORCE Management Board to the Remuneration and Nomination Committee.

Pursuant to the stipulations contained in the Austrian Stock Corporation Act, the Management Board is appointed for a specified period of time (Michael Hofer and Michaela Friepess until December 31, 2016). Contracts for the individual members of the BRAIN FORCE Management Board are concluded for the respective term of office or changed, defining the amount and structure of the remuneration. The aim of the remuneration scheme is to provide appropriate compensation for the Management Board members in accordance with the scope of their functions and areas of responsibility, taking account of national and international comparisons in the IT sector. An important aspect of the remuneration system is a variable salary component which incorporates the success of the company. For this reason, the total remuneration is based on fixed and performance-based components, in which case the performance-related component is calculated in accordance with the respective operating EBIT of the Group. In addition, economical strategic achievements may be remunerated separately.

The fixed remuneration is oriented to the areas of responsibility assumed by each Management Board member. The consequence is that each Management Board member has a different fixed remuneration depending on the range of his duties and functions, taking the strategic and operational responsibility into consideration. The annual bonus represents a variable cash remuneration, the amount of which directly depends on the operating EBIT of the BRAIN FORCE Group. The variable salary components are capped. The fixed remuneration and annual bonus are paid on a pro rata basis if the period of employment is for periods of less than one year.

The total remuneration paid to the members of the Management Board for the 2013/14 fiscal year amounted to € 605,057.39 (prior year: € 1,099,799). In addition, for early termination of the management contract of Hannes Griesser a settlement in the amount of € 230,817 was granted. The variable remuneration for fiscal year 2013/14 amounts to € 182,250.00.

Management Remuneration in €	2013/14			2012/13		
	Fix	Variabel	Total	Fix	Variabel	Total
Michael Hofer	273,469.83	144,000.00	417,469.83	275,000.00	430,576.00	705,576.00
Michaela Friepess	100,766.16	38,250.00	139,016.16	0.00	0.00	0.00
Hannes Griesser ¹⁾	48,571.40	0.00	48,571.40	170,000.00	224,223.00	394,223.00
Total	422,807.39	182,250.00	605,057.39	445,000.00	654,799.00	1,099,799.00

1) without remuneration for the early termination of the management contract in the amount of € 230,817.00 for fiscal year 2013/14

Supervisory Board approval is required for a Management Board member to do additional work. This ensures that the time involved or the remuneration received does not lead to a conflict of interest with the individual's responsibilities on behalf of BRAIN FORCE. In the past fiscal year, the Management Board members of BRAIN FORCE did not perform any other jobs in the form of Supervisory Board or Management Board mandates with other domestic or foreign companies outside of the BRAIN FORCE Group. No remuneration is paid for positions assumed in BRAIN FORCE subsidiaries.

The Annual General Meeting held on March 5, 2014 approved the following remuneration scheme for members of the Supervisory Board which is the same as in the previous year: in addition to reimbursement for expenses, the Supervisory Board members receive a fixed remuneration for their work on the Supervisory Board in the 2013/14 fiscal year, depending on the functions they perform. Accordingly, the Chairman of the Supervisory Board receives € 10,000 p.a., the Deputy Chairman € 7,500 p.a. and every other Supervisory Board member € 6,000 p.a. In addition, the Chairman is granted an attendance fee of € 1,000 for each Supervisory Board meeting he attends, whereas the Deputy Chairman receives € 800 and the other members € 600 for attending. The chairman of a committee is given € 500, the deputy chairman € 400 and other members € 300 for each committee meeting they personally attend. If Supervisory Board members perform additional work on behalf of the company, they may be granted special remuneration by a resolution of the Annual General Meeting. For the 2013/14 fiscal year (payment in the short fiscal year 2014), the total remuneration to be paid to members of the Supervisory Board and already recognized as an expense in the income statement amounts to € 48,100. In the 2013/14 fiscal year, the total remuneration paid to members of the Supervisory Board for the 2012/13 fiscal year totaled € 46,933.

Remuneration for the Supervisory Board in €	2013/14	2012/13
Stefan Pierer, Chairman	16,000	15,000
Friedrich Roithner, Deputy Chairman	13,300	12,500
Christoph Senft	9,200	8,600
Josef Blazicek	9,600	9,000
Michaela Friepess	0	1,833
Total	48,100	46,933

Remuneration granted for services performed above and beyond the above-mentioned Supervisory Board duties, in particular for any consulting fees or commissions, is listed in the Corporate Governance Report. No pension obligations exist for members of the Supervisory Board of BRAIN FORCE HOLDING AG.

Sales and acquisitions of BRAIN FORCE shares by members of the Management Board and Supervisory Board are reported to the Financial Market Authority in accordance with Art. 48 Austrian Stock Exchange Act, and published on the BRAIN FORCE Website under "Investors/Corporate Governance/Directors' Dealings".

BRAIN FORCE HOLDING AG has signed a "Directors and Officers" (D&O) insurance policy on behalf of its managing directors, Management Board and Supervisory Board members, and bears the costs.

The Company

Company Profile

After the disposal of the substantial holdings in BRAIN FORCE Software GmbH (Germany) and BRAIN FORCE S.p.A. (Italy) including its subsidiaries BRAIN FORCE B.V. (Netherlands), BRAIN FORCE GmbH (Austria), BRAIN FORCE SOFTWARE s.r.o. (Czech Republic) and Brain Force Software s.r.o. (Slovakia) by the end of fiscal year 2013/14 remain BRAIN FORCE HOLDING AG including its subsidiaries Network Performance Channel GmbH (Austria) and Network Performance Channel GmbH (Germany).

BRAIN FORCE HOLDING AG is a holding company. The Network Performance Channel GmbH is a leading global value added distributor specialized in networking solutions. The business is focused on supplying monitoring access, 24/7 network analyzing and monitoring, load balancing, performance measuring and network optimization solutions from world-leading network manufacturer's Interface Masters, INVEA-TECH, Ixia, Net Optics and WildPackets.

Through valuable international channel partners, including VARs, OEMs, vendors, system integrators and ISPs easy-to-use turnkey solutions to Europe, Middle East and parts of Asia are offered.

The philosophy of Network Performance Channel Group is also to provide a first-class full-service package of multilingual customer, pre-sales, marketing, training and technical support in conjunction with professional import/export and logistics services.

Products and Services

BRAIN FORCE HOLDING AG with Network Performance Channel Group supplies hardware-based infrastructure solutions from partners such as Interface Masters, INVEA-TECH, Ixia, Net Optics and WildPackets.

BRAIN FORCE Share

In fiscal year 2013/14 the BRAIN FORCE share showed a highly positive development closing at € 1.59 on the last trading day (30.09.2014). Compared to the previous year the share price rose from € 0.84 (closing price on 30.09.2013) and nearly doubled. Over the fiscal year the highest closing price was € 1.95, the lowest was € 0.84. As of September 30, 2014 the market capitalization for 15,386,742 shares admitted for trading amounted to € 24.46 m.

The BRAIN FORCE HOLDING AG started a share buy-back program in March 2014. The buy-back program affects no par value shares of BRAIN FORCE HOLDING AG, of which a maximum of 10% of the share capital can be bought back. The share's purchase price will be the average rate of the last five stock exchange days with a margin of +/- 20%.

The shares of BRAIN FORCE HOLDING AG remain listed on the Regulated Market segment of the Vienna Stock Exchange. The withdrawal of the shares from the Regulated Market and the subsequently planned inclusion of the shares in the Third Market of the Vienna Stock Exchange have not been permitted by the Austrian Administrative Court.

Dividend policy

The Management Board of BRAIN FORCE HOLDING AG will propose to the Annual General Meeting on December 17, 2014 that no dividend shall be distributed for fiscal year 2013/14 and that the results shall be carried forward.

Ownership

Majority shareholder of BRIAN FORCE HOLDING AG is Pierer Industrie AG, Wels, with a share of about 53.36%. The CEO Michael Hofer holds a share of about 17.50% of BRIAN FORCE HOLDING AG since October 23, 2013. At the reporting date of September 30, 2014 Qino Flagship AG, Switzerland, holds a share of the company of about 10%. The remaining shares are in free float. At balance sheet date September 30, 2014 the company held 63,675 of its own shares which correspond to about 0.41% of the share capital.

Investor Relations

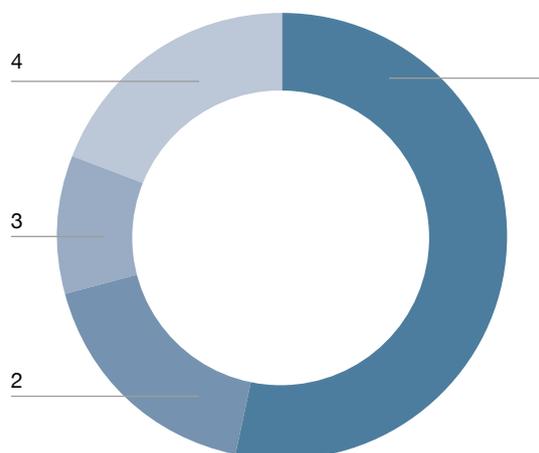
The Management Board of BRIAN FORCE HOLDING AG follows a transparent communication policy in its Investor Relations activities. We are putting considerable effort into inspiring confidence in the company among all target groups of relevance to the capital market. Investor relations are coordinated by the CFO but closely involve the CEO. The declared goal of our IR work is to convey an accurate picture of the company in order to allow a correct valuation of the BRIAN FORCE share. The BRIAN FORCE share (15,386,742 no par value shares) is currently covered by Warburg Research (Germany). All analyst reports on the company can be found on the company's website in the Investor Relations section.

Information on the BRIAN FORCE share:

Investor Relations:	Michaela Friepess
Telephone:	+43 7672 90 900
E-Mail:	investorrelations@brainforce.co.at
Internet:	www.brainforce.co.at
Vienna Stock Exchange:	BFC
Reuters:	BFCG
Bloomberg:	BFC:AV
Datastream:	O:BFS
ISIN:	AT0000820659

Shareholder structure on 09/30/2014

1	Pierer Industrie AG	53,4%
2	Dr. Michael Hofer	17,5%
3	Qino Flagship AG	10,0%
4	Free Float	19,1%



Management Report

Economic Environment

The global economy was able to recover moderately in the first half of 2014. In the USA increased growth was expected, in Asia the growth trend was a little dampened but intact. The Euro zone left the recession behind and is now on its way to grow. The continuing high unemployment rate, the high private debt and the restrictive lending practices still slow down the economic growth in the Euro zone. The growth of the total Austrian export markets will accelerate in the forecast period but in all likelihood can not reach the growth rates of the time before the crisis. The price competitiveness and the shares in the market of the Austrian exporters abroad will remain nearly the same over the forecast period.

Business performance

The shares in BRAIN FORCE GmbH, Austria, Neulengbach (100%), in BRAIN FORCE SOFTWARE s.r.o., Czech Republic, Prague (99% share) as well as in Brain Force Software s.r.o., Slovakia, Bratislava (0.46% share), which had previously been directly held by BRAIN FORCE HOLDING AG, were sold to BRAIN FORCE Software GmbH, Germany, Munich, by purchase and share purchase agreements, dated November 13, 2013, respectively. The remaining 1% share of the BRAIN FORCE HOLDING AG in BRAIN FORCE SOFTWARE s.r.o., Czech Republic, Prague was sold to BRAIN FORCE SOFTWARE GmbH, Germany, Munich, on February 25, 2014.

In June 2014 BRAIN FORCE HOLDING AG announced that it intends to sell its holdings in BRAIN FORCE Software GmbH (Germany) and BRAIN FORCE S.p.A. (Italy) to CEGEKA GROEP NV, Belgium. The transfer of the shares has been closed on September 30, 2014. BRAIN FORCE HOLDING AG held 100% of the shares of BRAIN FORCE Software GmbH (Germany) and 100% of the shares of BRAIN FORCE S.p.A. (Italy). Together with the transfer of the two shareholdings, also their subsidiaries BRAIN FORCE B.V. (Netherlands), BRAIN FORCE GmbH (Austria), BRAIN FORCE SOFTWARE s.r.o. (Czech Republic), Brain Force Software s.r.o. (Slovak Republic) and NSE Capital Venture GmbH (Germany) had been transferred to CEGEKA GROEP NV. BRAIN FORCE HOLDING AG as well as Network Performance Channel Group remain continuing operations.

The Network Performance Channel Group exclusively represented the Company Net Optics Inc., USA, in many countries of the EMEA economic area (Europe, Middle East and Africa). The take over of Net Optics Inc. by IXIA TECHNOLOGIES INTERNATIONAL LIMITED, USA, changed the business environment fundamentally. Because of this situation and less extant projects in the Middle East and in India the revenues decreased in the current period.

At the Extraordinary General Meeting of July 25, 2014 the resolution passed to change the balance sheet date from 30 September to 31 December. For the change of the balance sheet date a short financial year from October 1 until December 31, 2014 will be introduced.

Against the approval of the Extraordinary General Meeting of July 25, 2014 regarding the conclusion of a share purchase agreement on the disposal of substantial shareholdings of BRIAN FORCE Software GmbH (Germany) and BRAN FORCE S.p.A (Italy) a minority shareholder who holds 100 shares filed a protest to the notarial protocol against the resolutions of the Extraordinary General Meeting and rescission has been raised against the company. With the rescission the nullity of the resolution of the Extraordinary General Meeting regarding the conclusion of the Share Purchase Agreement is sought. This action for rescission is pending at the Provincial Court of Wels with 2 Cg 132/14 k. The claimant failed to list the members of the Supervisory Board in the action for rescission. Therefore the writ was served only to the Management Board and not to the members of the Supervisory Board. This means, that the action for rescission has not been lawfully served.

Financial and balance sheet analysis

Financial performance

At September 30, 2014 the above mentioned sold entities were deconsolidated and are shown as “discontinued operations” in the income statement in fiscal year 2013/14. The income statement of the previous year was adapted to display the discontinued operations separately from the continuing operations. As continuing operations remain BRIAN FORCE HOLDING AG as well as the Network Performance Channel Group.

BRAIN FORCE Group generated revenues in the amount of € 5.52 m in fiscal year 2013/14 (previous year: € 8.24 m). Due to the lower group revenues the manufacturing costs also decreased by € 2.46 m.

The operating result amounted to € -1.86 m (previous year: € -1.15 m) and was strained by non-recurring cost resulting from an early termination of a management contract as well as consulting costs.

Statement of comprehensive income (condensed)	2013/14	2012/13	Change
	in € million	in € million	in %
Revenue	5.52	8.24	-33
Cost of sales	-3.92	-6.38	+39
Gross profit	1.61	1.86	-14
Selling expenses	-1.32	-1.20	-10
Administrative expenses	-1.94	-1.75	-11
Other operating expenses	-0.24	-0.09	>100
Other operating income	0.04	0.02	+65
Operating EBIT	-1.86	-1.15	-61
Financial income	0.20	0.20	2
Financial expenses	-0.03	-0.69	+96
Result from associates	0	2.02	-100
Profit/Loss before Tax	-1.69	0.37	>100
Income taxes	-0.01	-0.53	+98
Profit/Loss after Tax from continuing operations	-1.69	-0.15	>100
Result from discontinued operations	7.30	2.85	>100
Profit/Loss for the period	5.61	2.70	-100
Other result	0.19	-0.04	>100
Comprehensive income	5.80	2.66	>100

In the fiscal year 2013/14 the financial result increased from € -0.49 m to € 0.17 m which can be attributed to last year's repayment of the syndicated loan.

The result before tax amounted to € -1.69 m after € 0.37 m in the same period of the previous year. The result after tax from continuing operations reached € -1.69 m after € -0.15 m in the previous year. The result from discontinued operations amounted to € 7.30 m after € 2.85 m in the last year. The result for the period totaled € 5.61 m after € 2.70 m in the previous year, whereby last year's result was influenced by sales proceeds from SolveDirect Service Management GmbH with € 2.55 m.

The earnings per share amounted to € 0.36 (previous year: € 0.18).

Financial position and financial performance

The balance sheet total declined by 35% to € 28.11 m year-on-year. The reduction was largely attributable to the disposal of the substantial holdings of BRAIN FORCE Software GmbH, Germany as well as BRAIN FORCE S.p.A., Italy.

The non-current assets represent 12% of the group's assets on the balance sheet date (previous year: 39%). The decline was mainly due to the disposal of the substantial holdings and the linked sale of the trademark "BRAIN FORCE" as well as the disposal of the goodwill. The financial assets amounted to € 3.22 m (previous year: € 0 m) and included bonds in CROSS Industries AG as of September 30, 2014.

On balance sheet date the current assets reached 88% (previous year: 61%) of the group's assets. At balance sheet date cash and cash equivalents amounted to 72% of the assets after the disposal of the substantial holdings.

Balance sheet ratios		9/30/2014	9/30/2013
Equity	in € m	24.91	19.22
Equity ratio	in %	89	45
Net funds (+)	in € m	19.23	5.23

As at September 30, 2014, the Group's equity amounted to € 24.91 m, which corresponds to an equity ratio of 89% (prior year: 45%). The increase by € 5.69 m results from the positive comprehensive income and the selling profit.

Liabilities amounted to 11% (previous year: 55%) at balance sheet date. The financial liabilities slightly increased by € 0.21 m to € 0.94 m and relate to utilized bank overdraft facilities.

Cash flow

In the fiscal year 2013/14 the cash flow from earnings reached € 3.79 m and was with € 0.84 m below the previous year's level. The cash flow from operating activities (operating cash flow) amounted to € + 2.91 m and was with € 1.54 m lower than of the previous year.

The cash flow from investing activities shows a cash inflow of € 9.45 m (previous year: € 6.76 m) and is with € 12.50 m mainly due to incoming payments from the disposal of the holdings.

The cash flow from financing activities amounted to € 1.84 m (previous year: € -10.87 m) and is influenced by utilized bank overdraft facilities and the purchase of own shares.

Cash flow statement	2013/14	2012/13
	in € million	in € million
Cash-flow from operating activities	2.91	4.46
Capital expenditure on property, plant and equipment and intangible assets	-1.04	-1.52
Disposal of holdings	12.50	8.22
Acquisition of financial assets	-3.22	0
Divestments and other	1.21	0.06
Cash flow from investing activities	9.45	6.76
Free cash flow	12.36	11.22

Research and development

The subsidiaries ensure that in the financial year under review all products are kept up to date. This applies in particular in Italy to the add-ons for Microsoft Dynamics AX and NAV. The optimal combination of software and services for the benefit of our customers is the key to the sustainable success of BRAIN FORCE. For that purpose, our focus is on meeting our customers' needs.

Human Resources

In the continuing operations BRAIN FORCE employed 15 employees on average (previous year: 15). As of September 30, 2014 14 employees were employed in the continuing operations (previous year: 15). In the discontinued operations 526 employees were employed as of balance sheet date September 30, 2014.

Significant events after balance sheet date

Regarding significant events after the balance sheet date, reference is made to the disclosures in the notes to the consolidated financial statements.

Financial risks and risk management

Concerning the risk report, please refer to the notes to the Consolidated Financial Statements (Annex 5/34 ff.).

Reporting on the accounting-based and internal control and risk management system

The responsibility for the design and implementation of an accounting-based internal control and risk management system and for assuring compliance with legal requirements rests with the Management Board. The BRAIN FORCE Group's accounting and reporting is effected in the organization units "Accounting", for external reporting and "Controlling", for internal reporting. Both units report directly to the Chief Financial Officer.

The company's accounting is based on corporate and other relevant instructions as well as under consideration of the predefined rules of the Pierer Group's Accounting Manual concerning material processes in Group Accounting and Reporting. The reporting, booking and accounting of all business transactions is conducted with the application software BMD and Navision. The adherence to the respective requirements is assured through Management meetings. The economic activity of the company is limited to tasks as a holding company and the active consulting and controlling of the shareholdings. Management services as well as brand and license fees are charged by the parent company due to company records and corresponding contracts. The records and bookings made by the employees in Accounting are monitored and controlled regularly by the person responsible for "Accounting".

A standard planning and reporting system (Lucanet) is used for internal management reporting. The Group's financial reporting is based on regions and companies and is made on a monthly basis. Any adaptations to the annual forecasts take place after the previous quarter. These reports feature summaries of the most important results as well as divergences from values contained in budgets, the period of the previous year and if necessary an updated evaluation of the individual risks.

The financial information described above and the quarterly performance figures form the basis for the Management Board's reporting to the Supervisory Board. In regular meetings, the Supervisory Board is informed about the business development using consolidated presentations, consisting of earnings development with comparisons of current figures with figures of the budget and the previous period as well as forecasts, consolidated financial statements, developments in respect to the number of employees and order intake, as well as selected financial indicators.

Disclosures in accordance with Section 243a (1) UGB

1. The share capital amounts to € 15,386,742. It is divided into 15,386,742 no-par value bearer shares. The share capital was paid in full.
2. The Management Board is not aware of any restrictions in respect to voting rights or the transfer of shares.
3. As far as the Company is aware, the following had a direct or indirect stake of at least 10% in the share capital of BRAIN FORCE HOLDING AG as at September 30, 2014:
 - Pierer Industrie AG: 53.36%
 - Dr. Michael Hofer: 17.50%
 - Qino Flagship AG: 10.00%
4. No shares with special control rights have been issued.
5. No employee participation scheme has been set up within the BRAIN FORCE Group.
6. Above and beyond legally binding requirements, there are no additional provisions valid within the BRAIN FORCE Group with respect to members of the Management and Supervisory Boards.
7. Authorizations to issue or repurchase shares:
 - a) On March 7, 2014 the Management Board of BRAIN FORCE HOLDING AG decided to make use of the authorisation granted by the ordinary general shareholders' meeting dated 28.02.2013. The BRAIN FORCE HOLDING AG started the share buy-back program in March 2014. The buy back program affects no par value shares of BRAIN FORCE HOLDING AG, of which a maximum of 10% of the share capital can be bought back. The share's purchase price will be the average rate of the last five stock exchange days with a margin of +/- 20%.
 - b) By resolution of the Annual General Meeting on February 28, 2013, the Management Board pursuant to Section 65 (1) No. 4 and 8 AktG (Austrian Stock Corporation Act) was authorized to acquire treasury stock, with the percentage of shares to be acquired limited to 10% of the share capital, the authorization valid for the period of 30 months as of the resolution date, and the consideration (acquisition price) of each no-par value to be acquired not exceeding or falling short of the average price of the preceding five trading days by more than 20%. The authorization may be executed in full or in several partial amounts and pursuing one or several purposes by the Company, its group entities or by third parties on its account. The acquisition of treasury stock may be made over the stock exchange or outside of it.

Furthermore, it was decided to authorize the Management Board for a period of five years as of the resolution date, subject to the approval of the Supervisory Board, to sell treasury stock in a way other than via the stock exchange or through a public offering, excluding the subscription rights of existing shareholders, and to determine the conditions of sale, whereby the subscription rights of existing shareholders can only be excluded if these shares are issued as consideration in the acquisition of companies, businesses, business units or shares in one or several companies in Austria or abroad or to service stock options granted to staff, executive employees and members of the Management Board. This authorization may be executed once or several times, in full or in parts, individually or jointly, and is valid for the maximum statutory period. In addition, the Management Board was authorized to cancel treasury stock without further approval from the Annual General Meeting.
 - c) By resolution of the Annual General Meeting of March 2, 2011, the Management Board, subject to the approval of the Supervisory Board, was authorized in accordance with Section 169 AktG to increase the share capital until March 1, 2016 by an additional €7,693,371 through the issue of up to 7,693,371 new bearer or registered common shares (no-par value shares) for a cash or non-cash consideration, possibly in several tranches, and to determine the issue price, the terms of the issue and further details of the execution of the capital increase in consultation with the Supervisory Board. Furthermore, the Management Board, with the approval of the Supervisory Board, was authorized to exclude the shareholders' subscription rights if – the capital increase is made for a non-cash consideration, i.e. if shares are issued to acquire companies, businesses, business units or shares in one or several companies in Austria or abroad, or – the capital is increased to service stock options granted to staff, executive employees and members to the Management Board, or – to exclude peak amounts from shareholders' subscription rights, or – to service a greenshoe granted to the issuing banks.
 - d) By resolution of the Annual General Meeting of March 2, 2011, the Management Board, subject to the approval of the Supervisory Board, was authorized to issue within three years as of the date of this resolution financial instruments as defined in Section 174 AktG, in particular convertible bonds, participating bonds, participation rights with a total nominal value of up to €15,000,000, which may also grant the subscription and/or conversion right to acquire up to a total of 7,693,371 shares of the Company and/or are such in nature that they can be recognized as equity, possibly in several tranches and in various combinations, even indirectly by way of guarantee for the issue of financial instruments by an affiliated company of BRAIN FORCE with conversion rights to shares of the Company. To service these rights, the Management Board may use the conditional capital or treasury stock. Issue price and terms of issue, as well as any exclusion of shareholders' subscription rights to the issued financial instruments shall be determined by the Management Board with approval of the Supervisory Board.

- e) At the Annual General Meeting on March 2, 2011, the following resolutions were passed: The conditional increase in the Company's share capital in accordance with Section 159 (2) No. 1 AktG by up to €7,693,371 by issuing up to 7,693,371 new bearer shares without par value (no-par value shares) to be allocated to creditors of financial instruments as specified by the resolution of the Annual General Meeting of March 2, 2011, if the creditors of financial instruments use their subscription and/or conversion right to acquire shares of the Company. The issue price and the conversion ratio shall be determined in accordance with accepted simplified actuarial methods and the price of the Company's shares in an accepted pricing procedure. The newly issued shares of the conditional capital increase carry the right to dividends equivalent to the shares traded on the stock exchange at the time of the issue. The Management Board, subject to the approval of the Supervisory Board, is authorized to determine the further details of the execution of the conditional capital increase. In addition, the resolution was passed to amend the Articles of Association to include the new provision "Section 5a Conditional Capital".
8. With the exception of the information provided in the disclosures in item 9, any agreements on the part of the Company which would take effect, change or cease to apply in the case of a change in the controlling interest in the Company as a result of a public takeover offer will not be disclosed due to the fact that it would considerably harm the Company.
9. In the case of a "change of control", it was contractually agreed with the Management Board member Michael Hofer that he has the right to unilaterally terminate the transfer agreement concluded with BRAIN FORCE HOLDING AG while respecting all entitlements. This privileged termination right must be exercised no later than the date the transaction is formally closed (and legally takes effect) with respect to the acquisition of a stake in the Company which was the underlying reason for the change of control. A change of control is considered to have taken place when Pierer Industrie AG no longer has the majority of the voting rights in BRAIN FORCE HOLDING AG a) directly or b) indirectly via a subsidiary which has at least a 50% shareholding in BRAIN FORCE HOLDING AG. At the Supervisory Board meeting on December 12, 2013 it was consensually agreed on the early termination of the management board contract with Hannes Griesser with effect as of December 31, 2013. Michaela Friepess was appointed as CFO with effect from December 12, 2013 with a term to December 31, 2016 by way of a resolution by the Supervisory Board of BRAIN FORCE HOLDING AG. In addition the management board contract with Michael Hofer was also extended until December 31, 2016.

Outlook and Targets

For the short financial year 2014 BRAIN FORCE Group is targeting an increase in revenues. The Network Performance Channel Group tries to compensate the decline in business of IXIA TECHNOLOGIES INTERNATIONAL LIMITED, USA, by adding new manufacturers to the product range and to expand the business.

Furthermore Pierer Industrie AG intends a merger of CROSS Industries AG into BRAIN FORCE HOLDING AG. Within the next months the necessary preparatory work, reviews, decisions and corporate actions will be effected. The realization of the transaction is expected in the first half of 2015.

Vöcklabruck, in November 2014



Michael Hofer

The Management Board:



Michaela Friepess

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Group Income Statement in EUR	Note	2013/14	2012/13 adapted
Revenues	1	5,524,756	8,241,868
Cost of Sales	2	-3,918,192	-6,381,910
Gross profit		1,606,564	1,859,958
Selling expenses	2	-1,321,603	-1,196,742
Administrative expenses	2	-1,938,918	-1,748,843
Other operating expenses	2	-243,135	-93,459
Other operating income	3	40,999	24,865
Operating profit		-1,856,093	-1,154,221
Financial income	6	204,531	201,221
Financial expenses	6	-34,552	-693,445
Result from associates		0	2,019,044
Profit/loss before tax		-1,686,114	372,599
Income taxes	7	-8,336	-525,915
Profit/loss after tax from continuing operations		-1,694,450	-153,316
Profit/loss from discontinued operations	8	7,303,368	2,848,632
Result of the period		5,608,918	2,695,316
thereof owners of the parent		5,608,918	2,695,316
thereof non-controlling interests		0	0
Earnings per share - undiluted and diluted	33	0.36	0.18

Statement of Comprehensive Income in EUR	2013/14	2012/13 adapted
Profit/loss after tax	5,608,918	2,695,316
Currency translation differences	339,394	-23,683
Gains or losses on remeasuring available-for-sale financial assets (after tax)	0	-906
Income and Expenses reposted in the Income Statement	339,394	-24,589
Actuarial losses (after tax)	-152,908	-13,929
Income and Expenses not reposted in the Income Statement	-152,908	-13,929
Other result	186,486	-38,518
Comprehensive Income	5,795,404	2,656,798
thereof owners of the parent	5,795,404	2,656,798
thereof non-controlling interests	0	0
Comprehensive Income	5,795,404	2,656,798
thereof discontinued operations	7,489,854	2,811,020
thereof continuing operations	-1,694,450	-154,222

The following notes to the consolidated financial statements are an integral part of this statement of Comprehensive Income

Group Cash flow Statement in EUR	Note	10/2013-09/2014	10/2012-09/2013 adapted
Result of the period		5,608,918	2,695,316
Depreciation and amortization		1,500,826	1,649,466
Financial result		201,749	901,089
Income tax		1,228,945	1,307,502
Result from associates		0	-2,008,274
Gains/losses from the disposal of property, plant and equipment and intangible assets		-84,039	20,630
Elimination of gains from the sale of subsidiaries and other non-cash income		-4,630,743	0
Changes in non-current provisions and liabilities		-34,326	70,104
Operating Cash-flow		3,791,330	4,635,833
Changes in inventories		-105,823	-153,189
Changes in trade receivables		544,093	-3,329,488
Changes in trade payables		-2,355,404	3,526,979
Changes in other current assets and liabilities		1,776,935	1,184,068
Currency translation differences		25,267	-6,242
Net interest paid		-226,523	-838,556
Income taxes paid		-536,349	-562,211
Cash-flow from operating activities	10	2,913,526	4,457,194
Investments in property, plant and equipments and other intangible assets		-1,039,447	-1,517,629
Payments for acquisition of subsidiaries		0	-26,000
Payments from disposal of associated companies		0	-17,778
Payments from the sale of financial assets		-3,220,000	0
Proceeds from the disposal of property, plant and equipment and intangible assets		1,208,493	65,248
Proceeds from the disposal of affiliated companies, less cash transferred		12,498,998	0
Proceeds from the disposal of associated companies		0	8,222,758
Proceeds from the sale of financial assets			33,834
Cash-flow from investing activities	11	9,448,044	6,760,433
Increase in financial liabilities		1,943,067	644,134
Repayment of financial liabilities		0	-11,514,303
Purchase of treasury shares		-101,880	0
Cash-flow from financing activities	12	1,841,187	-10,870,169
Change in cash and cash equivalents		14,202,757	347,458
Cash and cash equivalents at the beginning of the period		5,964,930	5,617,472
Change in cash and cash equivalents		14,202,757	347,458
Cash and cash equivalents at the end of the period	13, 23	20,167,687	5,964,930

The following notes to the consolidated financial statements are an integral part of this Group Cash flow statement

Group Balance sheet in EUR	Note	9/30/2014	9/30/2013 adapted
ASSETS			
Property, plant and equipment	14	108,533	1,210,227
Goodwill	15	0	11,001,151
Other intangible assets	16	24,759	2,446,787
Investments in associates	17	0	0
Financial assets	18	3,220,000	0
Other receivables and assets	22	0	1,623,994
Deferred tax assets	19	4,811	654,390
Non-current assets		3,358,103	16,936,549
Inventories	20	313,553	527,910
Trade receivables	21	1,227,821	17,252,717
Other receivables and assets	22	3,044,310	2,330,670
Cash and cash equivalents	23	20,167,687	5,964,930
Current assets		24,753,371	26,076,227
Total assets		28,111,474	43,012,776
EQUITY AND LIABILITIES			
Share capital	24	15,386,742	15,386,742
Reserves	24	5,327,165	6,330,957
Retained earnings		4,199,614	-2,497,703
Owners of the parent		24,913,521	19,219,996
Equity		24,913,521	19,219,996
Financial liabilities	26	495,450	0
Other liabilities	28	37,773	560,587
Provisions for post-employment benefits	25	0	1,468,806
Deferred tax liabilities	19	124	5,865
Non-current liabilities		533,347	2,035,258
Financial liabilities	26	442,099	731,067
Trade payables	27	666,341	11,765,687
Other liabilities	28	1,552,666	8,892,983
Income tax provisions		0	296,784
Other provisions		3,500	71,001
Current liabilities		2,664,606	21,757,522
Total equity and liabilities		28,111,474	43,012,776

The following notes to the consolidated financial statements are an integral part of this Group balance sheet

Changes in equity in EUR	Note	Owners of the parent					Non-controlling interests	Total equity
		Share capital	Capital reserve	Other reserve	IAS 19 Reserve	Retained earnings		
Status 9/30/2012 (as reported)		15,386,742	7,670,288	-314,805	0	-6,150,772	15,384	16,606,837
Amendment due to IAS 19 rev. (2011)	2.4	0	0	0	-169,762	152,124	0	-17,638
Status 10/1/2012 (adapted)		15,386,742	7,670,288	-314,805	-169,762	-5,998,648	15,384	16,589,199
Net income for the period 2012/13		0	0	-24,589	-13,929	2,695,316	0	2,656,798
Change in non-controlling interests		0	0	0	0	-10,616	-15,384	-26,000
Transfer of reserves		0	-816,246	0	0	816,246	0	0
Status 9/30/2013	24	15,386,742	6,854,042	-339,394	-183,691	-2,497,702	0	19,219,997
Net income for the period 2013/14		0	0	339,394	-152,908	5,608,918	0	5,795,404
Changes in scope of consolidation		0	0	-336,599	336,599	0	0	0
Purchase of Treasury shares		0	0	-101,880	0	0	0	-101,880
Transfer of reserves		0	-1,088,398	0	0	1,088,398	0	0
Status 9/30/2014	24	15,386,742	5,765,644	-438,479	0	4,199,614	0	24,913,521

The following notes to the consolidated financial statements are an integral part of this Changes in equity

Notes to the consolidated financial statements for the fiscal year from October 1, 2013 to September 30, 2014

1. The Company

BRAIN FORCE HOLDING AG, Vöcklabruck, is a leading IT company with subsidiaries in Austria and Germany. The company's head office is situated in Wartenburger Strasse 1b, 4840 Vöcklabruck, Austria.

At the balance sheet date Pierer Industrie AG, Wels, Austria, holds the majority of the shares in BRAIN FORCE HOLDING AG.

Ultimate parent company is Pierer Konzerngesellschaft mbH, Wels, in whose consolidated financial statements BRIAN FORCE HOLDING AG, Vöcklabruck, is included. These consolidated financial statements are filed with the Regional and Commercial Court Wels under FN 134766 k and represent the group annual financial statements for the largest scope of consolidation.

As of September 30, 2014 the transfer of the shares in BRAIN FORCE Software GmbH (Germany) and BRAIN FORCE S.p.A. (Italy) to CEGEKA GROEP NV has been closed. Together with the transfer of the two shareholdings, also their subsidiaries BRAIN FORCE B.V. (Netherlands), BRAIN FORCE GmbH (Austria), BRAIN FORCE Software s.r.o. (Czech Republic) and BRAIN FORCE Software s.r.o. (Slovak Republic) are transferred to CEGEKA GROEP NV.

As of September 30, 2014 the company holds 100% of the shares of Network Performance Channel GmbH, Austria as well as Network Performance Channel GmbH, Germany.

The Network Performance Channel Group exclusively represented the Company Net Optics Inc., USA, in many countries of the EMEA economic area (Europe, Middle East and Africa). Net Optics Inc. has been taken over by IXIA TECHNOLOGIES INTERNATIONAL LIMITED, USA, in fiscal year 2013/14.

2. Accounting principles

The consolidated financial statements of BRAIN FORCE HOLDING AG as at September 30, 2014 have been prepared in accordance with the principles contained in the International Financial Reporting Standards (IFRS) as well as the interpretations of the International Reporting Interpretations Committee (IFRIC) published by the International Accounting Standards Board (IASB), as applied in the European Union. Accordingly the additional requirements of paragraph 243a Section 1 of the Austrian Corporate Code are fulfilled.

2.1 Changes to the accounting standards

The IASB issued the following amendments to existing IFRSs as well as new IFRSs and IFRICs, which were adopted by the European Commission and are to be applied from October 1, 2013:

- ▶ IAS 1 Presentation of Financial Statements - Presentation of Items in Other Comprehensive Income
- ▶ IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets
- ▶ IAS 19 Employee Benefits - Amendments
- ▶ IFRS 1 First-time Adoption of IFRS - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- ▶ IFRS 1 Government Loans
- ▶ IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- ▶ IFRS 13 Fair Value Measurement
- ▶ IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- ▶ Annual improvements of IFRS 2009-2011 (Amendments to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34)

The first time application of IAS 1 (revised) resulted in a change of the presentation of the other comprehensive income. According to first time application of IAS 19 (rev. 2011) effects resulted which are pointed out in 2.4 (Annex 5/11 f). The first time application of the other standards did not result in significant changes.

Future Changes in Accounting Rules

The IASB and the IFRIC published additional standards and interpretations which are not mandatory in fiscal year 2013/14 and were not endorsed by the EU commission. The standards and interpretations are as follows:

Standard/Amendment	Date of application IASB	Endorsed by the EU?	Date of application EU
IAS 27 Separate Financial Statements	1/1/2013	Yes	1/1/2014
IAS 28 (as amended in 2011) Investments in Associates and Joint Ventures	1/1/2013	Yes	1/1/2014
IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1/1/2014	Yes	1/1/2014
Information about the recoverable amount of non-financial assets and financial liabilities (Amendment to IAS 36)	1/1/2014	Yes	1/1/2014
IFRS 10 Consolidation	1/1/2013	Yes	1/1/2014
IFRS 11 Joint Arrangements	1/1/2013	Yes	1/1/2014
IFRS 12 Disclosure of Interests in Other Entities	1/1/2013	Yes	1/1/2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1/1/2014	Yes	1/1/2014
Transitory guidelines (Amendments to IFRS 10, IFRS 11 and IFRS 12)	1/1/2013	Yes	1/1/2014
Novation of derivatives und continuation of hedge accounting (Amendment to IAS 39)	1/1/2014	Yes	1/1/2014
IFRIC 21 Levies	1/1/2014	Yes	7/1/2014
Amendment to IAS 19, Employee benefits – benefit plans: employee contributions	7/1/2014	No	
Annual Improvements to IFRS 2010-2012	7/1/2014	No	
Annual Improvements to IFRS 2011-2013	7/1/2014	No	
IFRS 14, Regulatory Deferral Accounts	1/1/2016	No	
Amendment to IFRS 11, Acquisition of an interest in a joint operation	1/1/2016	No	
Amendment to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation	1/1/2016	No	
Amendment to IAS 16 and IAS 41, Agriculture: Bearer Plants	1/1/2016	No	
Amendment to IAS 27, Separate Financial Statements (Equity method)	1/1/2016	No	
IFRS 15, Revenue from Contracts with Customers	1/1/2017	No	
IFRS 9, Financial Instruments Amendments to IFRS 9 and IFRS 7 mandatory effective date and explanatory notes at transfer and Amendment to IFRS 9, IFRS 7 and IAS 39, Hedge accounting	1/1/2018	No	

In May 2011 the IASB published five new and revised standards, which deal with handling of subsidiaries, joint arrangements, information on shares of other companies as well as the definition of the of the scope of consolidation:

On the basis of the currently applied principles IFRS 10 regulates - on the basis of a comprehensive control concept - which companies must be included in the group financial statements. According to the new concept control is given when the company owns the actual control over relevant processes, generates variable flowbacks as well as influences these flowbacks by its control.

IFRS 11 regulates the accounting of mutual agreements and replaces IAS 31. Joint ventures will be consolidated in the group financial statements using the equity method according to IAS 28. The possibility of pro rata inclusion is deleted.

IFRS 12 regulates mandatory disclosures for all types of shareholdings in other companies, including mutual agreements, associates and non-consolidated structured companies.

IAS 27 was renamed in "Separate Financial Statements" and will deal only with those.

IAS 28 was renamed in „Investments in Associates and Joint Ventures“ and describes the applied equity method which is used in accounting of both business forms as well as the requirements for the application.

In IFRS 15 it is regulated when and to what amount revenues are recognized.

In July 2014 the IASB published IFRS 9 financial instruments, regarding modified requirements concerning the classification and valuation of financial assets as well as a new risk provisioning model considering expected losses for the calculation of the risk provision.

No significant effects on the consolidated financial statements of BRAIN FORCE HOLDING AG are expected from the new and amended standards.

Financial reporting principles

The principal accounting and valuation policies used to draw up these consolidated financial statements are presented in the following. The described methods were applied consistently for the given reporting periods.

The consolidated financial statements have been prepared under the principle of historical cost, with the exception of available for sale financial assets with changes in fair value being recorded directly.

The preparation of consolidated financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed under "accounting estimates and assumptions" (Annex 5/14 f).

The uniform accounting policies are consistently used throughout the companies included in the consolidated financial statements. These policies have been consistently applied to all the reporting periods presented. The companies included have prepared their financial statements as of balance sheet date September 30, 2014.

The fiscal year of BRAIN FORCE HOLDING AG runs from October 1, 2013 until September 30, 2014.

The consolidated financial statements are drawn up in Euro, which is the functional currency of the holding company and which is the reporting currency of the Group.

2.2 The scope of consolidation

Besides the BRAIN FORCE HOLDING AG domestic and foreign subsidiaries are included in the consolidated financial statements of which the Group holds control over financial and business policy, regularly accompanied by a voting interest of more than 50%.

Subsidiaries are consolidated from the day the group assumes control of the company and ends on the day control ceases.

Changes in the scope of consolidation

The scope of consolidation changed as follows in fiscal year 2013/14:

As of September 30, 2014 BRIAN FORCE HOLDING AG, Vöcklabruck, Austria, has sold its 100% holdings in BRAIN FORCE Software GmbH, Germany and BRAIN FORCE S.p.A., Italy to CEGEKA GROEP NV, Belgium. Together with the transfer of the two shareholdings, also their subsidiaries BRAIN FORCE B.V. (Netherlands), BRAIN FORCE GmbH (Austria), BRAIN FORCE Software s.r.o. (Czech Republic) and BRAIN FORCE Software s.r.o. (Slovak Republic) were transferred to CEGEKA GROEP NV.

Thus, the consolidated financial statements include in the continuing operations BRAIN FORCE HOLDING AG, Vöcklabruck, and the listed subsidiaries:

Company	Method of consolidation	Share in %
Network Performance Channel GmbH, Neu-Isenburg, Germany ¹⁾	F	100
Network Performance Channel GmbH, Vöcklabruck, Austria	F	100
BFS Brain Force Software AG, Maur, Switzerland (in Liquidation)	A	100

F... Full consolidation

A... Acquisition costs

¹⁾ The share is held by Network Performance Channel GmbH, Vöcklabruck, Austria.

2.3 Methods of consolidation

The **first time consolidation** is performed with **capital consolidation** as of October 1, 2009 according to IFRS 3 (2008) using the Acquisition Method. At the time of acquisition, which is the date where the possibility of the control is obtained, the new revaluated, identified assets and liabilities of the acquired business are offset against the amount of the non-controlling interests and the fair value of the shares already held at acquisition date. A remaining positive value will be activated as goodwill; a remaining negative value will be recognized as a "gain on a bargain purchase" in the income statement after re-verification. The acquisition related additional costs are recognized as expenses. The amount for the non-controlling interests – unless otherwise indicated – is recorded with the pro rata net assets of the purchased companies without component of goodwill.

Transactions with non-controlling shareholders, which will not give rise to any significant loss, are directly and solely recognized in equity, without making adjustments on assets and liabilities of the company or on the goodwill.

Mergers before October 1, 2009 are continued according to transitional regulations.

When the group **ceases to have control any retained interest in the entity** is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in the item "other comprehensive income" in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in the other comprehensive income are reclassified to profit or loss.

During the course of the **consolidation of income and expenditure** inter-company revenues and other income were accounted with material and other operating expenses. Therefore only external revenues are reported in the group income statement.

During the course of **debt consolidation** all liabilities, receivables and loans included in the consolidated financial statements were consolidated.

Intermediate results from intragroup sales of inventories and assets are eliminated.

Deferred taxes from consolidation are taken into account and are recognized during consolidation procedures.

The **shares of non-controlling shareholders** of the equity capital are reported separately as part of equity. Minority interests will be classified in liabilities when preemption rights exist.

Currency translation: The items included in the financial statements of any Group company are measured in the currency of the primary economic environment in which the company operates (functional currency). The local currency represents the functional currency for all these companies.

The differences resulting from the translation of financial statements of consolidated entities are recognized in other income in the statement of comprehensive income.

In the individual financial statements of group companies foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Gains and losses which result from fulfillment of such transactions as well as valuation of receivables and loans in foreign currency on balance sheet date are recognized in the income statement.

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

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

Currency	Rate at 9/30/2014	Rate at 9/30/2013
	1 EUR	1 EUR
Swiss franc (CHF)	1.2063	1.2222
Czech crowns (CZK)	27.5000	25.7350
US dollar (USD)	1.2583	1.3492

2.4 Accounting and measurement principles

The accounting policies are consistently used throughout the companies included in the consolidated financial statements. These are identical with those of fiscal year 2012/13 with the exception of the newly applicable standards.

For better clarity individual items are summarized in the income statement and in the balance sheet. These items are shown and explained separately in the notes. All of the current assets and liabilities are principally realized and fulfilled within a period of 12 months after balance sheet date or business cycle. All the other assets and liabilities are principally realized or fulfilled outside this period.

Property, plant and equipment

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

Systematic depreciation is based on the following useful lives, which are uniform within the Group and are regularly monitored and adjusted if necessary:

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

If an asset is impaired, the carrying amount is reduced to its recoverable amount.

The useful lives of which depreciation is based on are regularly monitored and adapted when necessary.

Maintenance expenses

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

Leases

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

Intangible assets

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

Assets accounted for in connection with the purchase price allocation are amortized on a straight-line basis as follows:

	Useful life
Product developments	3 to 5 years
Customer relations	7 years

Other purchased intangible assets are recognized at cost less amortization calculated according to the straight-line method and based on the estimated useful lives of the assets, which are as follows

	Useful life
Software	3 to 5 years
Licenses and distribution rights	3 years
Registered trademarks	10 years

The useful lives underlying amortization are monitored on a regular basis and adjusted if necessary.

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

Research and development

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

After completion of the development project, capitalized development costs are recognized in the balance sheet as intangible assets and amortized on a straight-line basis over the expected useful life of the respective product, currently 3 to 5 years.

Financial assets

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

Available-for-sale securities are subsequently measured at fair value (based on stock prices), with unrealized changes in value being recognized in other comprehensive income in the statement of comprehensive income under other provisions.

If there are indications of impairment, assets will be tested for impairment. If assets are impaired, the corresponding impairment loss is recognized in profit or loss. Reversals of impairment losses for debt instruments are reported in the income statement.

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

Interest income from available for sale securities are recognized as financial income in the income statement.

Impairment of certain non-current assets

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

Inventories

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

Construction contracts

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

Receivables and other assets

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

Non-interest bearing non-current receivables are recognized at their present value based on an adequate market interest rate.

Non-current receivables falling due within twelve months after the balance sheet date are recognized under current assets.

Cash and cash equivalents

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

Liabilities

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

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

Provisions

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

Non-current provisions are recognized at the amount repayable, discounted to the balance sheet date, if the interest effect resulting from discounting is material.

Provisions for post-employment benefits

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

The application of IAS 19 (rev. 2011) results in a change of the accounting method, which is recognized retrospectively by application of the transitional provisions in IAS 19.173. The figures of the comparative period as well as of the opening balance sheet as of October 1, 2012 were adapted as follows. Due to reasons of materiality the presentation of a third balance sheet has been waived.

Development of IAS 19 reserve for actuarial gains and losses in the group's equity:

	in TEUR
In the income statement cumulative actuarial losses as of 10/1/2012:	-152
Not yet recognized actuarial losses as of 10/1/2012:	-74
- 25% deferred taxes	57
Status IAS 19 Reserve as of 10/1/2012	-170
actuarial losses in fiscal year 2012/13	-19
- 25% deferred taxes	5
Status IAS 19 Reserve as of 9/30/2013	-184

This has resulted in a reduction of the group's equity as of September 30, 2013 in the amount of TEUR 13.

The changes of the group's equity development and the group's balance sheet are presented in detail as follows:

in TEUR	Deferred Tax Assets	Equity	Provisions for post-employment benefits
Status as of 9/30/2012	1,721	16,607	1,318
Amendment IAS 19 (rev. 2011)	57	-18	74
Status as of 9/30/2012 amended	1,778	16,589	1,392
Change according to group financial statement 2012/13	-1,128	2,626	77
Amendment IAS 19 (rev. 2011)	4	5	0
Status as of 9/30/2013 amended	654	19,220	1,469

The calculation of the obligations is based on actuarial assumptions, especially according to the applied interest rate for discounting, increased salaries and pensions, pensionable age and the probabilities concerning fluctuation and utilization. Calculation is based on local biometrics.

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

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

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

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

Severance payments relate to obligations under Austrian or Italian law.

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

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

Defined contribution plans have been applicable to employees joining an Austrian company after 2002. Starting from the second month of the employment relationship, the employer pays a regular contribution of 1.53% of monthly remuneration and any additional payments to a Mitarbeitervorsorgekasse or MVK (statutory scheme for severance payments). No additional obligation exists on the part of the company. The employees' entitlements exist vis-à-vis the respective MVK, and the current contributions paid by the company are recognized under personnel expenses.

Severance payments under Italian law (TFR) are one-off employee benefits which have to be paid as soon as an employee leaves an enterprise. The amount of the compensation is based on the number of monthly salaries (indexed), whereby a monthly salary (annual salary divided by 13.5) is earned per service year. The employee can receive an advance of up to 70% of the entitlement under certain conditions, e.g. to purchase a home or medical care. As of the fiscal year 2007, the amounts earned have to be paid to the statutory social security or a provision fund designated by the employee.

Revenue

Revenue is recognized upon delivery or transfer of risk to the customer, rebates and other discounts are deducted. In the event of multi-component transactions, revenues are recognized based on relative market prices upon fulfillment of the respective conditions. Sales relating to the rendering of services in accordance with IAS 18 are measured using the percentage-of-completion method.

Borrowing costs

As in the prior year, no borrowing costs were capitalized in the fiscal year 2013/14 as the criteria for defining qualifying assets were not met.

Income taxes

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

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

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

Fair values

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

Accounting estimates and assumptions

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

Impairment of goodwill

The effects of adverse changes of estimates made in the annual impairment test of the interest rate by plus 10% or of the cash flow by minus 10% have not resulted in an impairment of the recognized goodwill in the previous year. Due to the disposal of the substantial holdings in fiscal year 2013/14 goodwill is nonexistent.

Deferred taxes

The balancing and valuation is mainly based on the expected future taxable profits within a defined planned period. In fiscal year 2013/14 no active deferred taxes resulting from tax loss carryforwards were recognized. It is pointed out to the explanations of (19) deferred taxes (Annex 5/25 f.).

Provisions for post-employment benefits

The value of the obligation depends on a number of factors which are based on actuarial assumptions. The assumptions used in calculating the expenses include the estimated increase in salaries and the interest rate. Any change in these assumptions has effects on the present value of the obligation and on actuarial gains and losses not yet recognized. Estimated future salary increases are derived from the average salary development of the past years, which is considered realistic for the future. The Group calculates the relevant interest rate at the end of each year. This is the interest rate which is used in the calculation of the present value of expected future cash outflows for the payment of the obligation. The calculation of the interest rate is based on the interest rate for corporate bonds of the highest credit standing denominated in the currency in which the services are paid and whose maturities equal those of the pension and severance payment obligations. Further material assumptions are in part based on market conditions.

In the previous year a reduction in the discount interest rate by 10% would have increased the present value of the obligation for pensions and severance payments by TEUR 71. Due to the disposal of substantial holdings in the fiscal year 2013/14 no long-term personnel obligations are recognized as of September 30, 2014.

Other balance sheet items

With regard to the other balance sheet items, changes in estimates and assumptions do not result in significant effects on the financial position and financial performance.

Comments on the consolidated income statement

The consolidated income statement is prepared using the function of expense method. Due to the disposal of the substantial shareholdings the income statement of the previous year was adapted according to IFRS 5.

In the following the income statement of the continuing operations will be explained. The explanations of the discontinued operations can be found under Point 8.

(1) Revenues

Revenue is broken down as follows:

in EUR	2013/14	2012/13
Current services	0	373,961
Products	5,524,756	7,867,907
Revenues	5,524,756	8,241,868

(2) Types of expenditures

The consolidated income statement was prepared using the function of expense method. The following presentation shows a breakdown by type of expenditure.

in EUR	2013/14	2012/13
Cost of materials and purchased services (see Note 4)	3,930,450	6,142,481
Personnel expenses (see Note 5)	1,851,824	1,928,478
Depreciation and amortization	57,353	86,742
Rents and energy costs	208,901	182,698
Automobile expenses	77,522	107,695
Travel expenses	197,590	212,465
Advertising and marketing expenses	115,722	131,399
Legal, audit and consulting fees	354,972	135,304
Postage and communication charges	23,172	36,130
Bad debts and allowances for receivables	60,424	0
Company insurances	71,431	34,225
Other expenses	472,487	423,338
Manufacturing, selling and administrative costs and other operating expenses	7,421,848	9,420,954

Other operating expenses mainly comprise costs concerning Investor Relations, training costs and costs for repairs and maintenance of in-house equipment.

(3) Other operating income

Other operating income includes:

in EUR	2013/14	2012/13
Insurance compensations	0	18,934
Other	40,999	5,931
Other operating income	40,999	24,865

(4) Cost of materials and purchased services

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

in EUR	2013/14	2012/13
Cost of goods sold	3,923,106	6,077,282
Cost of materials	3,923,106	6,077,282
Subcontractors	7,344	65,200
Cost of materials and purchased services	3,930,450	6,142,481

(5) Personnel expenses

Manufacturing, selling and administrative expenses include the following personnel expenses:

in EUR	2013/14	2012/13
Salaries	1,529,549	1,692,613
Expenses for severance payments	87,829	9,720
Expenses for pensions	4,250	17,000
Expenses for statutory social security, payroll-related taxes and mandatory contributions	230,196	209,145
Personnel expenses	1,851,824	1,928,478

Expenses for severance payments, in addition to statutory entitlements (see Note 25), also include contributions payable to the staff provision fund ("Mitarbeitervorsorgekasse") in the amount of EUR 10,428 (prior year: EUR 7,416).

(6) Financial result

The financial result is calculated as follows:

in EUR	2013/14	2012/13
Income from securities	91,810	1,408
Net loss/gain from foreign currency translation	24,774	12,893
Interest result	53,395	-506,525
Financial result	169,979	-492,224

(7) Income taxes

Income taxes of continuing operations are as follows:

in EUR	2013/14	2012/13
Current tax expense/income	-8,211	45,460
Deferred tax expense	-124	-571,375
Income taxes	-8,336	-525,915

The reconciliation of calculated and recognized income tax expenses are as follows:

in EUR	2013/14	2012/13
Result before income taxes	-1,686,114	372,599
thereof 25% = calculated income tax expense/income	421,529	-93,150
Effects of different tax rates in other countries	12,758	238
Tax-free income		0
Expenses not deductible for tax purposes	9,468	-7,329
Other permanent differences	-2,118	-4,520
Tax losses for which no deferred tax assets have been recognized	-449,973	-1,044,676
Write-down of deferred tax assets	0	0
Utilization and subsequent capitalization of temporary differences and tax losses not recognized in the year in which they arose	0	623,522
Income tax expense – current period	-8,336	-525,915

(8) Result from discontinued operations

Income and expenses of the discontinued operations are presented as follows:

in TEUR	2013/14	2012/13
Revenues	86,559	80,140
Expenditures	-83,581	-77,273
Operating result (EBIT)	2,978	2,867
Financial result	-372	-420
Earnings before income taxes	2,606	2,447
Income taxes	-1,221	-782
Current result after tax of deconsolidated subsidiaries	1,385	1,665
Income from inter-company services *)	1,287	1,183
Income from the sale of the trademark "BRAIN FORCE" *)	1,100	0
Deconsolidation proceeds	3,531	0
Result from discontinued operations	7,303	2,848

*) Earnings of BRAIN FORCE HOLDING AG (continuing operation), but concerning discontinued operations

The disposal of the shareholdings did not generate any income tax liability.

Cash flows from discontinued operations are are follows:

in TEUR	2013/14	2012/13
Operating Cash flow	2,853	4,050
Cash flow from investing activities	-1,072	-1,351
Cash flow from financing activities	-1,244	-2,768
Change in liquid funds	537	-69

Disposed assets and liabilities are presented as follows:

in TEUR	9/30/2014	9/30/2013
Cash and cash equivalents	5,352	4,816
Trade receivables	15,202	15,760
Goodwill	11,001	11,001
Other assets	6,267	6,567
Total assets	37,822	38,144
Financial liabilities	1,737	2,981
Trade payables	8,744	9,584
Provisions for post-employment benefits	1,534	1,397
Other liabilities	12,172	11,706
Total liabilities	24,187	25,668
Equity	13,635	12,476

(9) Segment information

The Management Board of BRAIN FORCE HOLDING AG reports by geographical segments. Segment results (EBITDA and EBIT) are recognized, not taking into account the costs recharged for trademark license fees and intragroup services. Revenues, EBITDA and EBIT, as well as investments, depreciation and amortization, assets and liabilities of the continuing operations are allocated according to the corporate domicile of the entities to the following regions:

- ▶ Germany
- ▶ Austria

The discontinued operations include the geographical segments Germany, Italy, the Netherlands and Central and Eastern Europe with Austria, the Czech Republic and Slovakia.

From the revenues of the continuing operations € 5.98 m (previous year: € 7.91 m) can be attributed to Germany in fiscal year 2013/14 (approx. 99% of the Group revenues). The consolidated revenues of the discontinued operations amounted to € 86.56 m in current fiscal year (previous year: € 80.14 m).

Revenues, operating results, depreciation and amortization, investments, assets and liabilities are broken down as follows by region:

Key figures by segments 2013/2014 in EUR	Germany	Austria	Holding	Consolidation	Group	Discontinued operations
Total revenues	5,448,541	12,598	182,453	-118,837	5,524,756	86,559,445
External revenues	5,448,541	3,269	72,945	0	5,524,756	86,559,445
EBITDA ¹⁾	-198,777	51,918	-1,649,350	-2,531	-1,798,740	5,707,530
EBIT ¹⁾	-233,625	44,651	-1,664,588	-2,531	-1,856,093	4,264,058
Depreciation and amortization	-34,848	-7,267	-15,238	0	-57,353	-1,443,472
Investments	5,175	2,052	20,247	0	27,474	1,011,973
Assets	2,453,845	1,144,664	26,573,556	-2,060,591	28,111,474	37,821,712
Liabilities	2,480,915	589,318	1,474,926	-1,347,206	3,197,953	24,185,938

Key figures by segments 2012/2013 in EUR	Germany	Austria	Holding	Consolidation	Group	Discontinued operations
Total revenues	7,905,211	336,657	128,416	-128,416	8,241,868	80,139,864
External revenues	7,905,211	336,657	0	0	8,241,868	80,139,864
EBITDA ¹⁾	162,847	240,986	-1,481,721	0	-1,077,888	5,622,984
EBIT ¹⁾	132,968	218,175	-1,505,364	0	-1,154,221	4,049,851
Depreciation and amortization	-29,879	-22,811	-23,643	0	-76,333	-1,573,133
Investments	101,499	43,068	1,125	0	145,692	1,371,937
Assets	2,969,784	321,016	27,263,097	-868,136	29,685,761	38,143,923
Liabilities	2,663,656	100,115	970,456	-743,136	2,991,091	25,668,234

¹⁾ without settlement costs for brand licensing and inter-company services

Comments on the cash flow statement

The cash flow statement of the BRAIN FORCE Group was prepared using the indirect method.

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

(10) Cash flow from operating activities

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

(11) Cash flow from investing activities

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

(12) Cash flow from financing activities

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

(13) Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank balances, as long as they are available at short notice and unrestricted.

Comments on the consolidated balance sheet

(14) Property, plant and equipment

Property, plant and equipment have changed as follows:

in EUR	Building investments in non-owned facilities	Office machines, IT equipment, other office equipment	Total
Acquisition or production costs 10/1/2013	1,869,821	4,126,378	5,996,199
Currency translation differences	-98	-1,391	-1,489
Additions	94,293	317,443	411,736
Disposals	0	-185,081	-185,081
Disposals due to the change in the scope of consolidation	-1,858,246	-3,793,271	-5,651,517
Acquisition or production costs 9/30/2013	105,770	464,079	569,849
Accumulated depreciation 10/1/2013	1,549,295	3,236,677	4,785,972
Currency translation differences	-18	-1,263	-1,281
Depreciation charge 2013/14	150,286	341,654	491,940
Disposals	0	-182,899	-182,899
Disposals due to the change in the scope of consolidation	-1,616,935	-3,015,482	-4,632,417
Accumulated depreciation 9/30/2014	82,628	378,687	461,315
Carrying amounts 9/30/2014	23,142	85,391	108,533

in EUR	Building investments in non-owned facilities	Office machines, IT equipment, other office equipment	Total
Acquisition or production costs 10/1/2012	1,832,844	3,903,160	5,736,004
Currency translation differences	-41	-911	-952
Additions	37,018	541,115	578,133
Disposals	0	-316,986	-316,986
Disposals due to the change in the scope of consolidation	0	0	0
Acquisition or production costs 9/30/2013	1,869,821	4,126,378	5,996,199
Accumulated depreciation 10/1/2013	1,399,464	3,070,529	4,469,993
Currency translation differences	-6	-673	-679
Depreciation charge 2012/13	149,837	398,558	548,395
Disposals	0	-231,737	-231,737
Disposals due to the change in the scope of consolidation	0	0	0
Accumulated depreciation 9/30/2013	1,549,295	3,236,677	4,785,972
Carrying amounts 9/30/2013	320,526	889,701	1,210,227

(15) Goodwill

Due to the disposal of substantial holdings (See Point 2.2), goodwill equates to EUR 0 as at September 30, 2014 (prior year: EUR 11,001,151).

The goodwill of the previous year resulted from past acquisitions of corresponding shares for BRAIN FORCE S.p.A., Milan, Italy (formerly TEMA Studio di Informatica S.p.A.), Brain Force Financial Solutions AG, Munich, Germany (formerly NSE Software AG, merged with BRAIN FORCE Software GmbH, Munich, Germany, in the fiscal year 2006), INDIS S.p.A., Milan, Italy (merged with BRAIN FORCE S.p.A., Milan, Italy, in the fiscal year 2006), BRAIN FORCE B.V., Veenendaal, Netherlands (formerly VAI B.V.), BRAIN FORCE Frankfurt GmbH, Langen, Germany (formerly SYSTEAM Ingenieurbüro für Datenkommunikation und Informatik GmbH, merged with BRAIN FORCE Software GmbH, Munich, Germany, in the fiscal year 2008) and BRAIN FORCE GmbH, Neulengbach, Austria (formerly INISYS Software-Consulting Ges.m.b.H.).

In the fiscal year 2012/13, impairment tests were performed for the following cash generating units:

in EUR	Allocated goodwill
BRAIN FORCE S.p.A. - Segment Italy, Process Optimization division	1,783,670
BRAIN FORCE S.p.A. - Segment Italy, Infrastructure Optimization division	1,014,887
BRAIN FORCE Software GmbH - Segment Germany, Process Optimization division	1,172,812
BRAIN FORCE Software GmbH - Segment Germany, Infrastructure Optimization division	2,026,577
BRAIN FORCE B.V. - Segment Netherlands, Infrastructure Optimization division	3,842,616
BRAIN FORCE GmbH - Segment Central East Europe, Process Optimization division	1,160,589
Carrying amount of Goodwill 9/30/2013	11,001,151

The recoverable amount of the cash-generating units was determined based on value in use calculations. These value-in-use calculations are based on cash flow projections derived from the 2013/14 financial budget approved by management and the resulting medium-term planning for the subsequent three years. The material assumptions of the management in the calculation of values in use are the estimated revenues, EBIT margins and discount rates. The calculation was based on an adequate EBIT margin on the basis of the segment performance by region.

Cash flows beyond this four-year period are extrapolated using the estimated growth rates stated below, which do not exceed the long-term average growth rate for the respective business segments. The calculations did not result in a need for impairment.

Key assumptions used to calculate the values in use 2012/13:

in %	Growth rate	Discount rate before tax	Discount rate after tax
	2012/13	2012/13	2012/13
BRAIN FORCE S.p.A. - Segment Italy, Process Optimization division	1.0	17.7	8.6
BRAIN FORCE S.p.A. - Segment Italy, Infrastructure Optimization division	1.0	17.6	8.6
BRAIN FORCE Software GmbH - Segment Germany, Process Optimization division	1.0	9.5	6.9
BRAIN FORCE Software GmbH - Segment Germany, Infrastructure Optimization division	1.0	10.2	6.9
BRAIN FORCE B.V. - Segment Netherlands, Infrastructure Optimization division	1.0	9.6	7.0
BRAIN FORCE GmbH - Segment Central East Europe, Process Optimization division	1.0	9.2	7.0

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

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

(16) Other intangible assets

Other intangible assets changed as follows:

in EUR	Development costs	Other	Intangible assets
Acquisition or production costs 10/1/2013	15,010,207	5,544,524	20,554,731
Currency translation differences	-9,449	-1,165	-10,614
Additions	588,747	38,964	627,711
Disposals	-146,200	0	-146,200
Disposals due to the change in the scope of consolidation	-15,443,305	-5,318,055	-20,761,360
Acquisition or production costs 9/30/2014	0	264,267	264,267
Accumulated amortization 10/1/2013	12,773,652	5,334,292	18,107,944
Currency translation differences	-9,449	-1,165	-10,614
Amortization charge 2013/14	922,521	86,365	1,008,886
Disposals	-124,928	0	-124,928
Disposals due to the change in the scope of consolidation	-13,561,796	-5,179,983	-18,741,779
Accumulated amortization 9/30/2014	0	239,509	239,509
Carrying amounts 9/30/2014	0	24,759	24,759

in EUR	Development costs	Other	Intangible assets
Acquisition or production costs 10/1/2012	14,113,794	5,807,349	19,921,143
Currency translation differences	-3,959	-488	-4,447
Additions	900,372	39,124	939,496
Disposals	0	-301,461	-301,461
Disposals due to the change in the scope of consolidation	0	0	0
Acquisition or production costs 9/30/2013	15,010,207	5,544,524	20,554,731
Accumulated amortization 10/1/2012	11,886,893	5,425,259	17,312,152
Currency translation differences	-3,959	-488	-4,447
Amortization charge 2012/13	890,718	210,353	1,101,071
Disposals	0	-300,832	-300,832
Disposals due to the change in the scope of consolidation	0	0	0
Accumulated amortization 9/30/2013	12,773,652	5,334,292	18,107,944
Carrying amounts 9/30/2013	2,236,555	210,232	2,446,787

Development costs include unfinished development work in the amount of EUR 0 (prior year: EUR 626,374).

(17) Investments in associates

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

in EUR	2013/14	2012/13
Carrying amount – beginning of period	0	7,403,002
Share in after-tax losses	0	-538,260
Sale of associates (carrying amount of the disposal)	0	-6,864,742
Carrying amount – end of period	0	0

The fiscal year 2013/14 does not include investments in associates.

The share in after-tax losses of the previous year mainly relates to the shares in SolveDirect Service Management GmbH and includes the current assumption of losses.

In fiscal year 2012/13, the shares in SolveDirect Service Management GmbH as well as the shares in CONSULTING CUBE s.r.l. were sold.

The financial data of the associates are as follows:

in EUR	2013/14	2012/13
Assets	0	0
Liabilities	0	0
Revenues	0	3,692,454
Loss for the period	0	-1,070,686

(18) Financial assets

Financial assets include securities and changed as follows:

in EUR	2013/14	2012/13
Carrying amount – beginning of period	0	34,129
Purchase/Sale of financial assets	3,220,000	-33,223
Adjustment to fair value	0	-906
Carrying amount – end of period	3,220,000	0

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

(19) Deferred taxes

Deferred tax assets are recognized under other non-current assets, deferred tax liabilities are included in non-current liabilities. Deferred taxes are calculated as follows:

in EUR	9/30/2014	9/30/2013
Provisions for post-employment benefits	0	84,654
Tax loss carry-forwards	0	1,057,911
Other	4,811	232,114
	4,811	1,374,679
Balancing	0	-720,289
Deferred tax assets	4,811	654,390
Development costs and other intangible assets	0	301,569
Other non-current assets	0	8,006
Receivables	0	398,213
Other	124	18,366
	124	726,154
Balancing	0	-720,289
Deferred tax liabilities	124	5,865

in EUR	2013/14	2012/13
Deferred taxes (net) as of October 1	648,525	1,950,561
Change in scope of consolidation	-694,684	-497,691
deferred taxes affecting net income	-124	-571,375
Deferred taxes recorded in other comprehensive income	50,970	4,643
Deferred taxes (net) as of September 30	4,687	886,138

Within the next 12 months, a realization of deferred tax assets is expected in the amount of EUR 4,811 (prior year: EUR 548,834), and a settlement of deferred tax liabilities in the amount of EUR 124 (prior year: EUR 5,569).

Deductible temporary differences and the unused tax losses (including open partial depreciation) for which deferred taxes were not capitalized amounted to EUR 40,120,347 (previous year: EUR 34,976,659). The value adjustment for loss carry-forwards and temporary differences was applied in the amount of which a medium-term realization of the deferred taxes from present point of view was not sufficiency certain.

The Group has not recognized deferred tax assets in the amount of EUR 10,030,087 (previous year: EUR 8,744,165), which refer to temporary differences and losses in the amount of EUR 40,120,347 (previous year: EUR 34,976,659) and can be carried forward against future taxable income.

The amount of deductible differences relates to an executed unscheduled depreciation that needs to be allocated during a period of seven years for tax purposes.

(20) Inventories

Inventories are measured at acquisition or production cost. A write-down to the net realizable value was necessary in the amount of EUR 4,480.

Inventories comprise the following items:

in EUR	9/30/2014	9/30/2013
Work in progress	0	70,496
Goods for resale	313,553	457,414
Inventories	313,553	527,910

(21) Trade receivables

in EUR	9/30/2014	9/30/2013
Trade receivables already invoiced	1,294,706	16,680,941
Less allowance for doubtful accounts	-66,885	-1,240,913
Trade receivables not yet invoiced	0	917,588
Receivables from construction/service contracts	0	895,101
Trade receivables	1,227,821	17,252,717

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

in EUR	2013/14	2012/13
Allowance for doubtful accounts (beginning of period)	1,240,913	1,079,524
Utilization	-140,531	-26,383
Reversal	-48,709	-1,565
Addition	328,010	189,337
Disposal from changes in the scope of consolidation	-1,312,798	0
Allowance for doubtful accounts – end of period	66,885	1,240,913

The following unimpaired trade receivables are overdue at the balance sheet date:

in EUR	9/30/2014	9/30/2013
Less than 30 days	70,567	1,218,878
More than 30 days	242,585	3,039,888
Overdue unimpaired receivables	313,152	4,258,766

For selected customers of BRAIN FORCE Software GmbH, Munich, Germany, and BRAIN FORCE GmbH, Neulengbach, Austria, credit insurance was taken out that significantly reduces the default risk of overdue receivables.

The total of costs incurred and earnings recognized for projects underway at the balance sheet date amounts to EUR 0 (prior year: EUR 1,295,789). Partial invoices were issued in the amount of EUR 0 (prior year: EUR 400,688). Prepayments received, reported under trade payables, amount to EUR 0 (prior year: EUR 218,673).

(22) Other receivables and assets

Other receivables and assets comprise the following items:

in EUR	9/30/2014	9/30/2013
Deposits	0	83,551
Other	0	1,540,443
Non-current other receivables and assets	0	1,623,994
Prepayments	0	155,894
Tax authorities	209,576	426,093
Maintenance contracts and other prepaid expenses	416,251	938,824
Receivables from employees	90	65,554
Receivables factoring (blocked accounts)	0	468,310
Other	2,418,392	275,995
Current other receivables and assets	3,044,309	2,330,670

The non-current other receivables and assets mainly relate to the security in connection with the sale of the share in SolveDirect Service Management GmbH, Vienna as well as outstanding receivables from the disposal of BRIAN FORCE Software GmbH, Germany, and BRIAN FORCE S.p.A., Italy, to CEGEKA GROEP NV, Belgium.

(23) Cash and cash equivalents

Cash and cash equivalents comprise the following:

in EUR	9/30/2014	9/30/2013
Cash in hand	0	8,248
Bank balances	20,167,687	5,956,682
Cash and cash equivalents	20,167,687	5,964,930

(24) Equity

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

The shares of BRAIN FORCE HOLDING AG remain listed in the Regulated Market segment of the Vienna Stock Exchange. The withdrawal of the shares from the Regulated Market and the subsequently planned inclusion of the shares in the Third Market of the Vienna Stock Exchange have not been permitted by the Austrian Administrative Court.

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

At the 15th Annual General Meeting on February 28, 2013 the Management Board was authorized to acquire treasury stock, with the percentage of shares to be acquired limited to 10% of share capital, the authorization valid for a period of 30 months as of the resolution date, and the consideration (acquisition price) of each no-par value share to be acquired not exceeding or falling short of the average price of the preceding five trading days by more than 20%. On March 7, 2014 the Management Board of BRAIN FORCE HOLDING AG decided to make use of the authorization granted by the ordinary general shareholders' meeting dated 28.02.2013. The BRAIN FORCE HOLDING AG started the share buy-back program in March 2014.

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

in EUR	Share capital	Reserves	IAS 19 Reserve
Balance 10/1/2013	15,386,742	6,514,648	-183,691
Actuarial losses	0	0	-152,908
Reclassification of actuarial effects due to the change of the scope of consolidation	0	-336,599	336,599
Currency translation differences (Reclassification)	0	339,394	0
Acquisition of own shares	0	-101,880	0
Used to cover losses (Reverse of capital reserve individual financial statement)	0	-1,088,398	0
Balance 9/30/2014	15,386,742	5,327,165	0

in EUR	Share capital	Reserves	IAS 19 Reserve
Balance 10/1/2012	15,386,742	7,355,483	-169,762
Used to cover losses (Reverse of capital reserve individual financial statement)	0	-816,246	0
Other changes	0	-24,589	-13,929
Balance 9/30/2013	15,386,742	6,514,648	-183,691

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

in EUR	9/30/2014	9/30/2013
Reserve for currency adjustment	0	-339,394
Other reserves due to change of scope of consolidation	-336,599	0
Purchase of own shares	-101,880	0
Other Reserves	-438,479	-339,394

(25) Provisions for post-employment benefits

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

in EUR	9/30/2014	9/30/2013
Provisions for pensions	0	162,801
Provisions for severance payments	0	46,398
Provisions for severance payments (TFR)	0	1,259,607
Provisions for post-employment benefits	0	1,468,806

Provisions for pensions

Due to individual arrangements, three employees of BRAIN FORCE Software GmbH, Munich, Germany, were promised an additional pension upon retirement. The amount of this pension basically depends on the defined benefit plan. Two entitled persons left the Company early (prior to retirement), with the pro rata entitlement remaining against the Company.

The amounts recognized for provisions for pensions at the balance sheet dates are computed by actuaries based on the projected unit credit method. The plan assets pursuant to IAS 19 consist of the insurance cover for the pension commitments pledged in favor of employees.

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

in EUR	2013/14	2012/13
Balance – beginning of period	341,081	329,790
Current service cost	2,479	2,409
Interest expense	13,641	13,190
Actuarial (gains)/losses	113,711	-4,308
Change in scope of consolidation	-470,912	0
Balance – end of period	0	341,081

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

in EUR	2013/14	2012/13
Balance – beginning of period	178,280	172,112
Paid contributions	872	872
Income on planned assets	7,149	0
Actuarial gains/(losses)	7,206	5,296
Change in scope of consolidation	-193,507	0
Balance – end of period	0	178,280

The expenses for benefit obligations in the amount of EUR 16,120 (previous year: EUR 15,599) are included in the income statement and the result from discontinued operations and comprise the following:

in EUR	2013/14	2012/13
Current service cost	2,479	2,409
Interest expense	13,641	13,190
Expense/income for defined benefit obligations	16,120	15,599

The basic actuarial assumptions are as follows:

	2013/14	2012/13
Interest rate	2.7%	4.00%
Future salary increases	0%	0%
Future pension increases	1%-3%	1%-3%
Pensionable age	60, 65 years	60, 62 years
Mortality tables - Germany	Heubeck 2005G	Heubeck 2005

In addition to defined benefit obligations, fixed contributions are paid to a pension fund for some employees in Austria due to pension commitments; the payments made by the Company are recognized in accordance with IAS 19 as contributions to defined contribution plans. Pension costs (excluding interest expense) recognized in personnel expenses amounted to EUR 4,250 in fiscal year 2013/14 (previous year: EUR 17,000).

Provisions for severance payments (Austria)

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

in EUR	2013/14	2012/13
Balance – beginning of period	46,398	43,513
Expenses for severance payments	1,160	5,568
Actuarial gains/(losses)	-3,989	-2,683
Change in scope of consolidation	-43,569	0
Balance – end of period	0	46,398

In the income statement the expenses for severance payments are recognized in the discontinued operations.

The basic actuarial assumptions are as follows:

	2013/14	2012/13
Interest rate	2.7%	4.00%
Future salary increases	2%	2%
Average labor turnover	Age-related	Age-related
Pensionable age	According to pension reform 2004	According to pension reform 2004
Mortality tables	AVÖ 2008-P, employees	AVÖ 2008-P, employees

Provisions for severance payments (TFR - Italy)

In the fiscal year 2013/14, the values of provisions for severance payments (TFR - Italy) were computed in the same way as the provisions for pensions. The development of the provision recognized in the balance sheet is as follows:

in EUR	2013/14	2012/13
Balance – beginning of period	1,259,607	1,190,610
Interest expense	44,751	47,624
Expenses for severance payments	-191,297	-13,794
Actuarial gains/(losses)	101,362	35,167
Change in scope of consolidation	-1,214,423	0
Balance – end of period	0	1,259,607

In the income statement the expenses for severance payments are recognized in the discontinued operations.

The basic actuarial assumptions are as follows:

	2013/14	2012/13
Interest rate	2.7%	4.00%
Future salary increases	2%	3%
Inflation	2%	2%
Average labor turnover	10%	10%
Pensionable age	66 years	66 years
Mortality tables	RG48	RG48

(26) Financial liabilities

The current and non-current financial liabilities include variable interest overdrafts. The short-term interests are due in the amount of EUR 442,099 (previous year: EUR 731,067) and the long-term in the amount of EUR 495,450 (previous year: 0).

(27) Trade payables

in EUR	9/30/2014	9/30/2013
Trade payables already invoiced	666,341	10,326,752
Advance payments from customers	0	257,021
Trade payables not yet invoiced	0	1,181,914
Trade payables to affiliated companies	0	0
Trade payables	666,341	11,765,687

(28) Other liabilities

Other liabilities include the following:

in EUR	9/30/2014	9/30/2013
Non-current other liabilities	37,773	560,587
Taxes	26,358	1,382,949
Social security payables	10,507	780,662
Vacation entitlements and overtime payables	19,408	1,431,535
Bonuses	248,092	1,340,161
Payroll accounting	11,799	1,320,763
Deferred income from maintenance contracts	529,050	2,044,622
Other	707,452	592,291
Current other liabilities	1,552,666	8,892,983

(29) Guarantees and other commitments

BRAIN FORCE HOLDING AG, Vöcklabruck, provided a guarantee on May 6, 2013 for liabilities of BRAIN FORCE B.V., Veenendaal, Netherlands, towards a supplier. This guarantee applies to a maximum amount of EUR 550,000 and the contract can be terminated, subject to a notice period of three months to every month end. As of September 30, 2014 recognized liabilities of BRAIN FORCE B.V. towards the supplier amount to EUR 131,481.31 (previous year: TEUR 504).

(30) Financial instruments

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

Information on financial instruments by category:

in EUR	9/30/2014	9/30/2013
Financial assets available for sale	3,220,000	0
Trade receivables	1,227,821	17,252,717
Other receivables and assets	2,418,483	2,436,853
Cash and cash equivalents	20,167,687	5,964,930
Loans and receivables	23,813,991	25,654,500
Financial liabilities	937,549	731,067
Trade payables	666,341	11,508,666
Other liabilities	986,750	4,684,750
Liabilities recognized at (amortized) cost	2,590,640	16,924,483

The financial assets include bonds which are listed at the Vienna Stock Exchange at fair value.

The financial instruments were recognized in the income statement with following net results:

in EUR	2013/14	2012/13
Write-offs of and allowances for trade receivables, Operating result, net	65,008	195,746
Financial assets available for sale	117,810	1,408
Loans and receivables	86,169	34,343
Liabilities recognized at (amortized) cost	-31,002	-874,306
Finanzergebnis netto	172,977	-838,555

(31) Financial risk management

The BRAIN FORCE Group is still, after the disposal of the substantial shareholdings (see 2.2) exposed to a varying extent to financial risks (liquidity risk, credit risk, foreign exchange risk, interest rate risk). Risks like liquidity risk and capital risk have reduced. The principles of risk management of the BRAIN FORCE Group are determined by the Management Board and monitored by the Supervisory Board. The risk strategy is implemented locally in the respective entities and is coordinated centrally. Necessary safeguards, such as e.g. insurances, are negotiated and concluded centrally for the Group, wherever possible. The liquidity, foreign exchange and interest rate risk are controlled centrally under policies set by the Management Board and are designed to minimize the potential negative effects on the financial position of the Group.

Liquidity risk

Liquidity risk refers to the risk that the Group may not be able to meet its financial obligations as they fall due. Due to the dynamic nature of the business environment in the IT industry, it is of utmost priority for BRAIN FORCE to maintain flexibility in funding by keeping sufficient liquidity and committed credit lines available. A liquidity forecast on a monthly basis is prepared annually in the context of the annual budget process. To optimize the liquidity situation, attention is paid to an active working capital management.

Maturity analysis of our financial liabilities

in EUR	9/30/2014	Remaining term < 1 Jahr		Remaining term 1-5 Jahre	
		Interest	Repayment	Interest	Repayment
Financial liabilities	937,549	23,439	442,099	921	495,450
Trade payables	666,341	0	666,341	0	0
Other liabilities	986,750	0	986,750	0	0
Balanced liabilities at amortized cost	2,590,640	23,439	2,095,190	921	495,450

in EUR	9/30/2013	Remaining term < 1 Jahr		Remaining term 1-5 Jahre	
		Interest	Repayment	Interest	Repayment
Financial liabilities	731,067	21,932	731,067	0	0
Trade payables	11,508,666	0	11,508,666	0	0
Other liabilities	4,684,750	0	4,684,750	0	0
Balanced liabilities at amortized cost	16,924,483	21,932	16,924,483	0	0

Credit risk

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

Foreign exchange risk

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

The BRAIN FORCE Group is mainly exposed to foreign exchange risks as part of its operating activities only in the subsidiaries Network Performance Channel GmbH, Germany, and Network Performance Channel GmbH, Austria, with regard to the development of the EUR/USD exchange rate. This is due to the fact that the companies purchase products in US dollars and resell them in Europe, the Middle East, North Africa and India. The purchase volume was USD 4.3 million in the fiscal year 2013/14 (prior year: USD 7.93 million). Part of the revenue of the companies is invoiced also in US dollars. In the fiscal year 2013/14 the EUR/USD exchange rate risk was not hedged. Due to the increase in revenue invoiced in USD it is to be assumed that the foreign exchange risks with regard to the development of the EUR/USD exchange rate will be of minor significance to the BRAIN FORCE Group in the future. An increase or decrease of the exchange rate by 10% would have an impact on the result of BRAIN FORCE Group of TEUR 5.

Interest rate risk

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

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

At the end of the fiscal year 2013/14, financial liabilities accounted for approx. 3% (prior year: 2%) of the balance sheet total and are within 13 months due and with variable interest rate. The liquid funds with the amount of EUR 20.2 m have been mainly invested in bonds of CROSS Industries AG (ISIN: AT0000500913) at the beginning of the short fiscal year (October 1 until December 31, 2014). The annual interest rate is 6.875%.

Capital risk management

The Group's objectives regarding the capital risk management include securing its going concern to continue to provide the shareholders with income and the other stakeholders with adequate services, as well as maintaining an optimal capital structure in order to reduce capital costs. BRAIN FORCE is not subject to statutory capital requirements. The equity ratio amounts to 89% at the balance sheet date (prior year: 45%).

Fair values

The carrying amounts of the trade receivables and other receivables and liabilities as well as cash and cash equivalents, which are recognized in the balance sheet, mainly correspond to the fair value.

(32) Costs for the auditor

The costs for the auditor include: audit of the consolidated financial statements EUR 29,315 (prior year: EUR 31,000), other audit services EUR 9,500 (prior year: EUR 10,000) and other services EUR 17,412 (prior year: EUR 6,348).

(33) Earnings per share

Earnings per share are computed by dividing profit after tax by the weighted average number of ordinary shares, adjusted for treasury stock.

in EUR	2013/14	2012/13
Profit/loss after tax attributable to the equity holders of the parent company	5,608,918	2,695,316
Weighted average number of ordinary shares (basic and diluted)	15,372,149	15,386,742
Earnings per share (in EUR)	0.36	0.18

Earnings per share from continuing operations are as following:

in EUR	2013/14	2012/13
Profit/loss after tax attributable to the equity holders of the parent company from continuing operations	-1,694,450	-153,316
Weighted average number of ordinary shares (basic and diluted)	15,372,149	15,386,742
Earnings per share form continuing operations(in EUR)	-0.11	-0.01

Earnings per share from discontinued operations are as following:

in EUR	2013/14	2012/13
Profit/loss after tax attributable to the equity holders of the parent company from discontinued operations	7,303,368	2,848,632
Weighted average number of ordinary shares (basic and diluted)	15,372,149	15,386,742
Earnings per share form discontinued operations(in EUR)	0.48	0.19

The consolidated financial statements of the Company will be dealt with in the Supervisory Board meeting on November 25, 2014.

(34) Related parties

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

Remunerations paid to members of the Management Board for the fiscal year 2013/14 amounted to EUR 605,057 (prior year: EUR 1,099,799). These remunerations include variable portions in the amount of EUR 182,250 (prior year: EUR 654,799). In addition, a settlement in the amount of EUR 230,817 was granted for the early termination of a management board contract in the prior year.

Furthermore, expenses for severance payments (contributions to staff provision funds) and pensions for members of the Management Board in the amount of EUR 10,363 (prior year: EUR 19,711) were recognized in profit and loss.

In the fiscal year 2013/14, remunerations paid to members of the Supervisory Board in the amount of EUR 48,100 (prior year: EUR 46,933) were recognized as expense.

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

An agreement is in place with Pierer Konzerngesellschaft mbH, Wels, on the provision of the management board member Michaela Friepess. With HOFER Management GmbH, Vöcklabruck, a company in which the Management Board member Michael Hofer is the 100% shareholder, a transfer contract existed until December 31, 2013. In January 2014 BRAIN FORCE HOLDING AG concluded a management contract with Michael Hofer.

In fiscal year 2013/14 BRAIN FORCE HOLDING AG has purchased 322 bonds of CROSS Industries AG with an interest rate of 6.875% (Perpetual Bond). During the fiscal year under review an interest income in the amount of TEUR 118 was generated.

Service relationships to associated and related companies are presented as follows:

BRAIN FORCE Group [in TEUR]	Receivables	Payables	Income	Expenses
Associated companies	143	-96	118	-288
Other related companies	0	-56	65	-320
Discontinued operations	50	-12	1,886	-104
Summe	193	-163	2,069	-712

(35) Share-based compensation

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

(36) Commitments from leasing transactions

Operating lease commitments or rents in EUR	9/30/2014	9/30/2013
Not later than one year	208,265	2,696,178
Later than 1 and not later than 5 years	451,732	6,501,355
Later than 5 years	0	692,067

(37) Employees

	Average		At the balance sheet date	
	2013/14	2012/13	30.9.2014	30.9.2013
Number of employees (salaried)	532	515	14	517

In fiscal year 2013/14 in the continuing operations 15 people (previous year: 15) were employed on an average. As of balance sheet date in the continuing operations 14 people were employed (previous year: 15). In the discontinued operations 526 people were employed as of September 30, 2014.

(38) Events after the balance sheet date

At the beginning of the short fiscal year 2014 (10/1 until 12/31/2014) BRAIN FORCE HOLDING AG has invested TEUR 19,030 in bonds of CROSS Industries AG (ISIN: AT0000500913) with an annual interest rate of 6.875%.

Furthermore Pierer Industrie AG announced that it intends a merger of CROSS Industries into BRAIN FORCE HOLDING AG. Within the next months the necessary preparatory work, reviews, decisions and corporate actions will be effected. The realization of the transaction is expected in the first half of 2015.

On November 6, 2014 the Board of Directors of BRAIN FORCE HOLDING AG was informed by Pierer Industrie AG that Pierer Industrie AG will submit a voluntary public offer to the shareholders of the company, as part of the merger of CROSS Industries AG into BRAIN FORCE HOLDING AG. According to the information provided by Pierer Industrie AG, the offer price of the tender offer will be EUR 1.80 per share.

(39) Authorization for issue

These consolidated financial statements were prepared, signed and authorized for issue by the Management Board at the date indicated below. The separate financial statements of the parent company, which after the adoption of the applicable accounting standards were also included in the consolidated financial statements, together with these consolidated financial statements, will be submitted to the Supervisory Board for review and regarding the separate financial statements also for adoption on November 25, 2014. The Supervisory Board and, in case of submittal to the Annual General Meeting, the shareholders can change these separate financial statements in a way which might also affect the presentation of the consolidated financial statements.

(40) Members of the Management Board and Supervisory Board

In the fiscal year from October 1, 2013 to September 30, 2014, the following persons served on the **Management Board**:

- ▶ Michael Hofer, Vöcklabruck, CEO
- ▶ Hannes Griesser, Stockerau, CFO, until December 31, 2013
- ▶ Michaela Friepess, Neumarkt im Hausruckkreis, CFO, since December 12, 2013

In the fiscal year 2013/14, the following persons served on the **Supervisory Board**:

- ▶ Stefan Pierer, Wels, chairman
- ▶ Friedrich Roithner, Linz, deputy chairman
- ▶ Christoph Senft, Angerberg
- ▶ Josef Blazicek, Perchtoldsdorf
- ▶ Michaela Friepess, Neumarkt im Hausruckkreis, until December 11, 2013

Vöcklabruck, in November 2014

The Management Board:



Michael Hofer



Michaela Friepess

Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BRAIN FORCE HOLDING AG, Vöcklabruck, for the fiscal year from October 1, 2013 to September 30, 2014. These consolidated financial statements comprise the consolidated balance sheet as of September 30, 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended September 30, 2014, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of Section 245a UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of September 30, 2014 and of its financial performance and its cash flows for the fiscal year from October 1, 2013 to September 30, 2014 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, November 21, 2014

PwC Wirtschaftsprüfung GmbH



Jürgen Schauer
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.

Publication of the financial statements together with our auditor's opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB applies.

Service

Locations

Germany

Network Performance Channel GmbH
 Martin-Behaim-Str. 22
 63263 Neu-Isenburg
 Telefon: +49 6102 748 7 0
 Fax: +49 6102 748 7 200
 info@np-channel.com
 www.np-channel.com

Austria

BRAIN FORCE HOLDING AG
 Wartenburger Str. 1B
 4840 Vöcklabruck
 Telefon: +43 7672 90 900
 info@brainforce.co.at
 www.brainforce.co.at

Network Performance Channel GmbH
 Wartenburger Str. 1B
 4840 Vöcklabruck
 Telefon: +43 676 966 09 55
 info@np-channel.com
 www.np-channel.com

Glossar

ATX: "Austrian Traded Price Index"; benchmark index of the Vienna Stock Exchange

Capital Employed: Equity + interest-bearing debt - liquid funds and financial assets; the entire interest-bearing capital applied in the company

Cash flow: Indicator for corporate analyses; describes the increase in cash and cash equivalents in an accounting period

Corporate Governance: Behavioral rules underlying responsible management and control of companies, laid out in the Austrian Corporate Governance Code, which is comprised of voluntary guidelines

Deferred taxes: Temporary differences in the accounting values in IFRS and tax balance sheets of individual companies and consolidation processes lead to deferred taxes

EBIT: "Earnings Before Interest and Tax"; operating profit

EBITDA: "Earnings Before Interest, Tax, Depreciation and Amortization"; operating profit before depreciation/amortization = gross cash flow

EBITDA-Marge: EBITDA in relation to revenues

EPS: "Earnings Per Share", profit after tax divided by the weighted number of shares less treasury stock

Equity method: Method of reporting shares held in companies, in which the shareholder exerts a significant influence. The stakes in these strategic investments usually range between 20% and 50%

Equity ratio: An indicator measuring the ratio of equity to total assets

Free Cash-flow: Cash flow from operating activities - cash flow from investing activities + acquisitions; indicates the liquid funds generated in a given fiscal year available for dividends, loan repayments or share buybacks

IFRS: International Financial Reporting Standards

Net debt: Financial liabilities - cash and cash equivalents

WACC: "Weight Average Cost of Capital"; average costs of capital which a company must pay to finance its external borrowing and equity on financial markets

Working Capital: Inventories + trade receivables + current other liabilities - trade payables - non-current other liabilities

Xetra: "Exchange Electronic Trading"; electronic trading system of the German Deutsche Börse AG which is also used by the Vienna Stock Exchange

Financial Calendar Short Fiscal Year 2014 (October 1, 2014 until December 31, 2014)

Date	Event
November 26, 2014	Annual Report and Annual Financial Report 2013/14
December 17, 2014	17th General Meeting
--	Ex-dividend day
--	Dividend payment day

Financial Calendar Fiscal Year 2015

Datum	Event
March 20, 2015	Results short fiscal year October 1 until December 31, 2014
End of April 2015	18th General Meeting
May 2015	Ex-dividend day
May 2015	Dividend payment day
May 29, 2015	Report on the first quarter of 2015
August 28, 2015	Report on the first six months of 2015
November 27, 2015	Report on the first three quarters of 2015

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BRAIN FORCE HOLDING AG
Wartenburger Str. 1b, 4840 Vöcklabruck, Austria

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