

## Annual Financial Report 2009/10

Half-empty or half-full?



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Annual Report 2009/10

Half-empty or half-full?



- 15% organic revenue decline
- Restructuring
- Negative operating EBIT



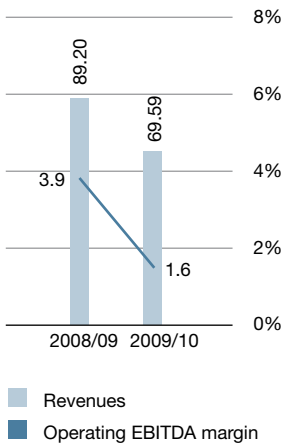
- + Optimized cost structure
- + 3 strategic transactions
- + Positive net earnings



# BRAIN FORCE Key Data

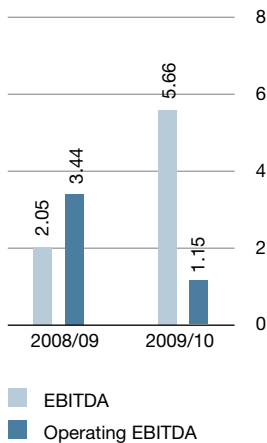
## Revenues and EBITDA margin

in € million and %



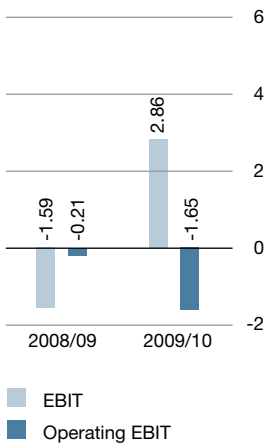
## EBITDA

in € million



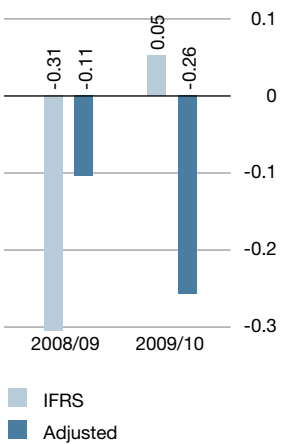
## EBIT

in € million



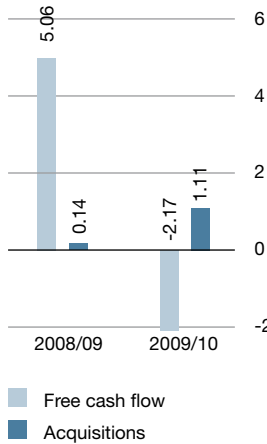
## Earnings per share

in €



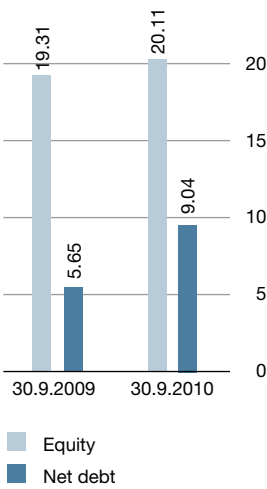
## Free cash flow and acquisitions

in € million

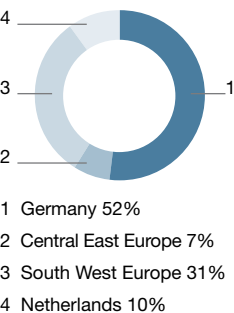


## Equity and net debt

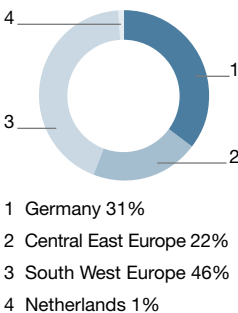
in € million



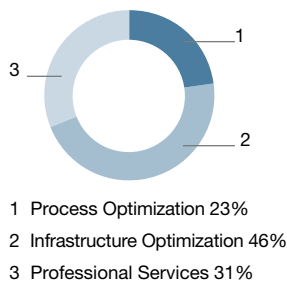
## Revenues by regions



## Operating EBITDA by regions



## Revenues by business areas



Earnings Data <sup>1)</sup>		2009/10	2008/09 <sup>2)</sup>	Change in %
Revenues	<i>in € million</i>	69.59	89.20	-22
EBITDA	<i>in € million</i>	5.66	2.05	>100
Operating EBITDA <sup>3)</sup>	<i>in € million</i>	1.15	3.44	-67
EBIT	<i>in € million</i>	2.86	-1.59	>100
Operating EBIT <sup>3)</sup>	<i>in € million</i>	-1.65	-0.21	>100
Profit before tax	<i>in € million</i>	0.33	-2.65	>100
Profit after tax	<i>in € million</i>	0.92	-5.46	>100
Free cash flow <sup>4)</sup>	<i>in € million</i>	-2.17	5.06	>100
Capital expenditure	<i>in € million</i>	1.53	2.64	-42
Acquisitions	<i>in € million</i>	1.11	0.14	>100
Employees <sup>5)</sup>		779	1,049	-26

Balance Sheet Data		30.9.2010	30.9.2009	Change in %
Equity	<i>in € million</i>	20.11	19.31	+4
Net debt	<i>in € million</i>	9.04	5.65	+60
Capital employed	<i>in € million</i>	29.10	24.77	+17
Working capital	<i>in € million</i>	3.30	2.83	+17
Balance sheet total	<i>in € million</i>	51.05	54.45	-6
Equity ratio	<i>in %</i>	39	35	-
Gearing	<i>in %</i>	45	29	-
Employees <sup>6)</sup>		713	978	-27

Stock Exchange Data		2009/10	1-9/2009	Change in %
Earnings per share	<i>in €</i>	0.05	-0.31	>100
Adjusted earnings per share <sup>6)</sup>	<i>in €</i>	-0.26	-0.11	>100
Dividend per share	<i>in €</i>	0.00	0.00	-
Equity per share	<i>in €</i>	1.31	1.26	+4
Share price high	<i>in €</i>	1.40	2.19	-36
Share price low	<i>in €</i>	0.91	1.02	-11
Share price at year-end	<i>in €</i>	1.00	1.20	-17
Shares outstanding (weighted)	<i>in 1,000</i>	15,387	15,387	0
Market capitalization at year-end	<i>in € million</i>	15.39	18.46	-17

Segments 2009/10 <i>in € million</i>	Germany		Central East Europe		South West Europe		Netherlands		Holding and Other	
Revenues	35.91	(-15%)	5.34	(-59%)	21.48	(-13%)	6.86	(-24%)	0.00	-
Operating EBITDA <sup>3)</sup>	0.92	(-62%)	0.63	(-47%)	1.34	(-0%)	0.02	(-98%)	-1.76	(+26%)
Operating EBIT <sup>3)</sup>	0.11	(-92%)	0.32	(>100%)	0.47	(-14%)	-0.74	(>100%)	-1.81	(+26%)
Capital expenditure	0.47	(-29%)	0.13	(-56%)	0.52	(-42%)	0.37	(-46%)	0.05	(-55%)
Employees <sup>5)</sup>	364	(-16%)	53	(-65%)	287	(-18%)	67	(-16%)	9	(-10%)

1) From continuing operations

2) Unaudited results for the period October 1, 2008 to September 30, 2009

3) Adjusted for restructuring costs and non-recurring income

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

5) Average number of employees (salaried and free-lance) during the period

6) Number of employees at reporting date

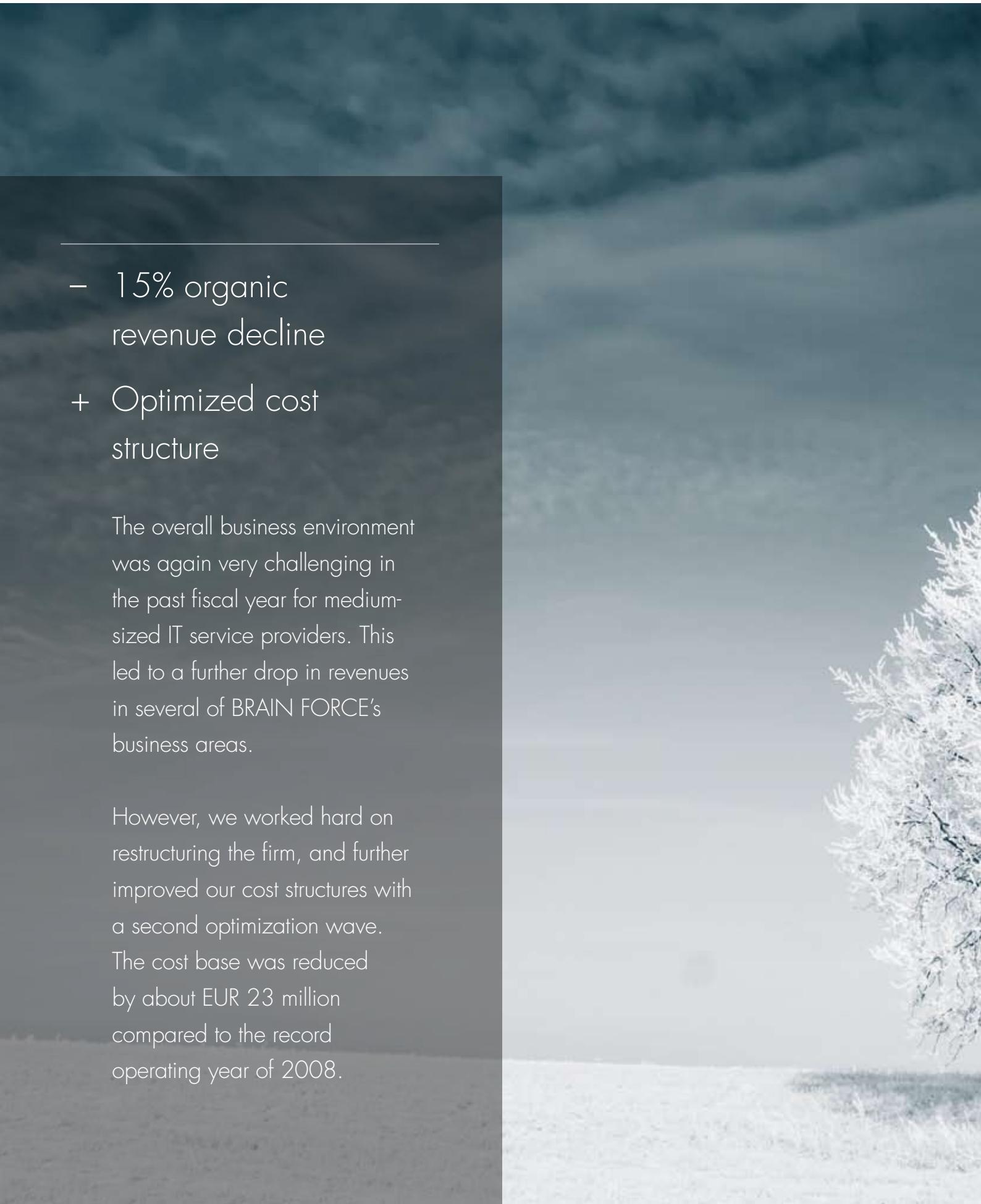
7) Adjusted for restructuring costs, non-recurring income and loss from discontinued operation

It is much too cold.

- 
- 15% organic revenue decline
  - + Optimized cost structure

The overall business environment was again very challenging in the past fiscal year for medium-sized IT service providers. This led to a further drop in revenues in several of BRAIN FORCE's business areas.

However, we worked hard on restructuring the firm, and further improved our cost structures with a second optimization wave. The cost base was reduced by about EUR 23 million compared to the record operating year of 2008.





It's a wonderful winter day.





We just barely lost.



We played well.

- 
- Restructuring
  - + 3 strategic transactions

With a second wave of restructuring measures we had to dismiss further employees and even more strongly focus on our core competencies.

At the same time, we implemented three strategic transactions in the past fiscal year: the sale of our Professional Services business in Austria, the participation of a financial investor in SolveDirect to finance its expansion in the USA, and the acquisition of Inisys, an ERP specialist for Microsoft Dynamics solutions in Austria.

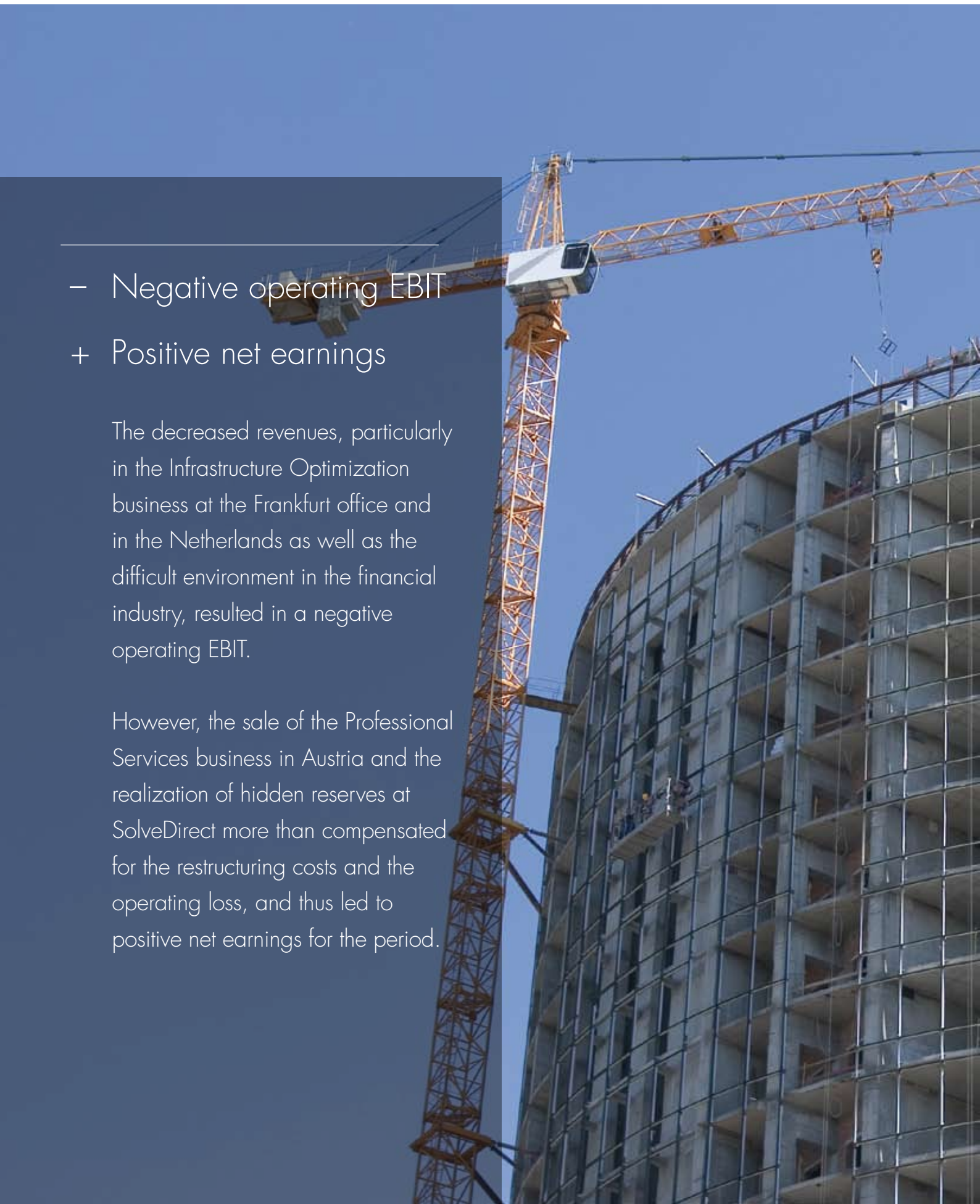


A lot remains to be done.

- Negative operating EBIT
- + Positive net earnings

The decreased revenues, particularly in the Infrastructure Optimization business at the Frankfurt office and in the Netherlands as well as the difficult environment in the financial industry, resulted in a negative operating EBIT.

However, the sale of the Professional Services business in Austria and the realization of hidden reserves at SolveDirect more than compensated for the restructuring costs and the operating loss, and thus led to positive net earnings for the period.



We've made a lot of progress.











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Not a matter of perspective:  
We have good perspectives.

We are well positioned for the future thanks to the persistent restructuring and our sharpened strategic orientation.

Our aim is to achieve positive operating results once again in the current fiscal year, and create value for our shareholders – so that their glass is full again next year.

# The Year 2009/10 at a Glance

The past fiscal year was characterized by a difficult economic environment, and the development of operating results was negatively impacted in particular by lower license sales, postponement of contract orders as well as price pressure from our customers. Despite the implementation of further restructuring measures, we were able to generate positive earnings due to the book gains from two strategic transactions. Together with the acquisition of an ERP specialist for Microsoft Dynamics solutions in Austria, we took important steps to sharpen our corporate profile and to focus our activities on the core business.

In 2009/10, total revenues of the BRAIN FORCE Group fell by 22% to € 69.59 million. Adjusted to take account of the three strategic transactions, the organic revenue decrease was 15%. Tough cost reduction measures enabled the company to significantly cushion the effects of the absolute revenue decline on earnings. Nevertheless, operating EBITDA was down 67% to € 1.15 million. We succeeded in generating a positive EBITDA of € 5.66 million and an EBIT of € 2.86 million in spite of restructuring costs amounting to € 1.82 million, which can be attributed to book gains of € 6.33 million. The net profit for the period was also clearly positive, at € 0.79 million.

Within the context of the restructuring carried out over the past two years, the management of the BRAIN FORCE Group determinedly adapted cost structures to the lower level of revenues. Moreover, a significant increase in the sales pipeline has become evident in several business areas since September 2010. We will exploit this in order to achieve positive operating results in the 2010/11 fiscal year.

## BRAIN FORCE at a Glance

BRAIN FORCE provides smart IT solutions on the basis of a best practice approach, effective services and leading products in the Process Optimization and Infrastructure Optimization segments. Professional Services complement the service offering based on the recruitment and supply of the right IT specialists at the right time. This enables our customers to reduce their costs, increase productivity and thus enhance their business success.

- ▶ BRAIN FORCE is a medium-sized IT company, founded in 1983
- ▶ with currently 713 employees at 12 locations in seven European countries (DE, IT, AT, NL, CZ, SK, CH) as well as a subsidiary in California, USA
- ▶ registered office and Group headquarters in Vienna, Austria, publicly listed on the Vienna Stock Exchange



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\* reviewed by the auditor

## Foreword



### Chief Executive's Review

Dear shareholders,

The 2009/10 fiscal year was characterized by the ongoing difficult economic environment in our markets, and the development of BRAIN FORCE's operating results was negatively impacted by lower license sales, the postponement of new orders and price pressure from our customers. Despite the implementation of further restructuring measures, clearly positive earnings could be generated as a result of book gains from two strategic transactions. Together with the acquisition of an ERP specialist for Microsoft Dynamics solutions in Austria, we took important steps over the last fiscal year to sharpen our corporate profile and focus our activities on the core business.

The economic environment in our core markets of Germany, Italy, Austria and the Netherlands was less favorable throughout the entire year as originally expected in the fall of 2009. In particular, we were confronted with the persistent restraint displayed by several large customers in the financial, aviation and public sectors with respect to new IT investments. The accompanying further decline in license

sales and ongoing price pressure as well as the continuing postponement of new contract orders ultimately had a negative impact on the operating revenue and earnings development. However, the downward trend has shown initial signs of easing since September 2010. This is not least due to the strong expansion of the sales pipeline over recent weeks. The challenge in the next months will be to convert these opportunities into measurable results, and we are concentrating efforts to achieve just that.

As already mentioned, we made significant progress in the last year in restructuring the Group. In December 2009, the Professional Services business in Austria was sold to BEKO Engineering & Informatik AG for € 3.80 million in cash, leading to a book gain of € 2.47 million. This transaction was a win-win situation. The integration of the acquired company will enable BEKO to exploit synergies based on economies of scale, and we obtained cash used for restructuring measures and expanding our Process Optimization business area. In this respect, we were able to acquire INISYS Software-Consulting Ges.m.b.H., Neulengbach, an ERP specialist for Microsoft Dynamics solutions in Austria. The purchase price including incidental acquisition costs amounted to € 1.27 million. The company boasts its own industry-independent cost calculation module, and enjoys a very good reputation for its solution-oriented project implementation. In 2009, Inisys generated revenues of € 1.60 million. The integration of Inisys successfully took place within a period of a few weeks, and the company was renamed BRAIN FORCE GmbH as at August 5, 2010. In the past fiscal year, it generated positive operating results, whereas revenues remained stable.

A further important strategic step was the acquisition of a stake in our subsidiary SolveDirect Service Management GmbH by 3TS Cisco Growth Funds. The fund, which specializes in growth companies in Central and Eastern Europe's IT sector, is investing up to € 6 million in the company over the next few years together with the SolveDirect management, in order to finance its expansion in the USA. In recent years, SolveDirect has been able to position itself as a provider of innovative solutions for B2B integration as well as the world's largest IT service management platform on the basis of SaaS (Software as a Service) and sees enormous potential in penetrating the American IT market.

Based on the capital provided by the financial investor along with the strategic and operational support of the 3TS network in the USA, SolveDirect plans to build a meaningful market share in the USA over the next years, and more than triple its revenues. Accordingly, its own subsidiary was established in California, and the first employees were hired. Due to the conclusion of the participation agreement and the initial capital increase in March 2010, a change of control took place according to the IFRS definition. As a consequence, we had to change the consolidation method for SolveDirect and now recognize the company at equity. We were able to realize hidden reserves totaling € 3.86 million due to the higher long-term revenue and earnings expectations related to SolveDirect's operations on the American

market. In the past fiscal year, SolveDirect increased its revenues by 6% to € 5.25 million. EBITDA was negative as a consequence of the higher staff and expansion costs, but significantly better than planned.

In our operating business, the Professional Services area in Germany proved to be relatively stable and sustainably profitable during the economic crisis, even if margins declined as a result of price pressure from customers. In contrast, the Process Optimization area was negatively affected by the restraint displayed by German insurance companies and banks in purchasing new software licenses. Sales of network performance hardware developed in a decidedly positive manner, bucking the overall cyclical trend, and thus made a considerable contribution to earnings. At the Frankfurt office of the Infrastructure Optimization area, staff had to be reduced by 22 employees due to a significant decline in project orders from important customers in the aviation industry, which in turn led to dismissal cost of € 0.65 million. In the South West Europe segment, restructuring costs of € 0.30 million arose, particularly for the Swiss subsidiary. Nevertheless, the region profited from the restructuring program carried out in Italy, and succeeded in posting positive results despite a difficult market environment. The workforce in the Netherlands had to be trimmed by 29%, or 23 employees, due to the significant decrease in demand. This was also necessary in order to adjust the cost structures of the segment to the lower revenue level. Related restructuring costs were € 0.87 million.

In the fiscal year from October 1, 2009 to September 30, 2010, total Group revenues of BRAIN FORCE HOLDING AG amounted to € 69.59 million, down 22% from the prior-year level. € 7.62 million of the drop in revenue related to changes in the consolidation range. Adjusted for the three strategic transactions, the organic decrease was 15%. However, tough cost reduction and restructuring measures significantly cushioned the effects on earnings of the absolute revenue decline. Operating EBITA was down 67% to € +1.15 million, and operating EBIT fell from € -0.21 to -1.65 million. Although BRAIN FORCE incurred restructuring costs of € 1.82 million, we were able to report a positive EBITDA of € 5.66 million and a positive EBIT of € 2.86 million due to the above-mentioned book gains. The net profit for the period including the discontinued operation was also clearly positive in the past fiscal year, at € 0.79 million.

As a consequence of the positive total net result for the period, the equity ratio improved from 35 to 39%. As at September 30, 2010, BRAIN FORCE had cash and cash equivalents of € 4.12 million at its disposal, whereas net debt rose from € 5.65 to 9.04 million. This increase can be primarily attributed to the operating loss, dismissal cost for staff cutbacks in the Netherlands and Frankfurt as well as the discontinued operation in Berlin. On the basis of the decrease in liquid funds and the higher level of net debt, the Management Board will propose to the Annual General Meeting scheduled for March 2, 2011 that no dividend be distributed for the 2009/10 fiscal year in order to retain liquidity in the company.

## Cost structures were adjusted to the significantly lower revenues.

Within the context of the comprehensive restructuring and cost reduction measures implemented over the last two years, the management of the BRAIN FORCE Group adjusted cost structures to the significantly lower revenues. Accordingly, we have reduced the total number of staff by about 200 salaried employees (or about 30% of the total workforce), resulting in annual savings in personnel expenses of more than € 10 million. Additional cost reductions were realized on the basis of expanding short time working in Germany as well as a downward adjustment in the number of free-lance employees and all other cost items. The holding company also made a considerable contribution by massively cutting costs.

Since September, there has been a significant increase in the sales pipeline in the Netherlands, in the ERP business in Austria and above all in the fields of Infrastructure Optimization at the Frankfurt office, Process Optimization in Munich and Network Performance Hardware. The emerging economic recovery in our largest market of Germany should lead to a corresponding recovery in demand and revenue growth for BRAIN FORCE. Accordingly BRAIN FORCE aims to once again generate positive operating results in the new 2010/11 fiscal year. On a long-term basis, we will continue to work intensively on improving the profitability of the BRAIN FORCE Group, in order to finally achieve added value for our shareholders. I hope and assume that the positive operating results will also have a positive impact on our share price in the future.

I would like to take the opportunity at this point to sincerely thank the employees and management for their dedication and hard work in the last year. Tough times claimed all the energy and effort we could devote. I would like to sincerely thank our customers and business partners for the good cooperation and their confidence in us. Finally, I would like to ask you, esteemed shareholders, to continue placing your trust in us. We are working very hard to justify this confidence.

Yours



Michael Hofer



Due to the persistent restructuring and cost cutting, BRAIN FORCE is in much better shape than it was before the outbreak of the global financial and economic crisis.

## Report of the Supervisory Board

The Supervisory Board and Management Board held a total of four meetings during the period under review, intensively discussing the overall business environment and the future strategic development of the company, as well as significant events and investments. Within the context of its regular reporting and a comprehensive report submitted for all meetings, the Management Board informed the Supervisory Board about the present state of business and the financial position of the Group and its strategic investments, as well as the personnel situation. Additional information was supplied about extraordinary developments.

The committees dealt with individual specialized issues in detail and subsequently reported its findings to the Supervisory Board. The Presidium of the Supervisory Board was continually informed about the current business situation by the Management Board. The Audit Committee and the Remuneration and Nomination Committee each convened twice. The criteria of variable remuneration, the principles of retirement benefits and termination benefits as well as the list of individual Management Board and Supervisory Board remunerations are presented in the Remuneration Report found from page 20. No stock option plan exists for executives of the Group. No member of the Supervisory Board was absent for more than half of the Supervisory Board meetings. Except for one meeting, all members were present at the sessions of the Audit Committee and the Remuneration and Nomination Committee.

Important focal points of the work done by the Supervisory Board in the past fiscal year were the plans of the Management Board to further restructuring the company, and the strategic development of the BRAIN FORCE Group. Due to the revenue decline in the Netherlands and at the Frankfurt office, the Management Board implemented measures following the formal approval of the Supervisory Board to adjust cost structures to the significantly lower level of revenues. In addition, following intensive discussions, three strategic transactions were concluded with the approval of the Supervisory Board: the sale of the Professional Services business in Austria to Beko Engineering & Informatik AG, the participation of an investor in SolveDirect to finance the expansion of this subsidiary in the USA, and the acquisition of INISYS Software-Consulting Ges.m.b.H., an ERP specialist for Microsoft Dynamics solutions in Austria, in order to strengthen the Process Optimization area.

On balance, the total staff of BRAIN FORCE HOLDING AG was reduced from 978 to 713 employees during the year under review. Thereof a decline of 115 employees can be attributed to the strategic transactions. The company generated revenues of € 69.59 million, down 22% from the prior year. The organic revenue drop adjusted for the strategic transactions was 15%. Operating EBITDA was down 67% to € 1.15 million, and operating EBIT fell from € -0.21 to -1.65 million. Restructuring costs during the reporting period amounted to € 1.82 million, which could be more than compensated by book gains of € 6.33 million. Taking account of

non-recurring items, BRAIN FORCE HOLDING AG achieved a positive EBITDA of € 5.66 million and an EBIT of € 2.86 million. The net profit including discontinued operations was € 0.79 million.

As at September 30, 2010, BRAIN FORCE had cash and cash equivalents of € 4.12 million at its disposal. Net debt increased from € 5.65 to 9.04 million, which is primarily due to dismissal cost for staff cutbacks at the Frankfurt office and in the Netherlands, as well as the cash-out for the discontinued operations in Berlin. Due to the positive net results, the equity ratio could be further improved to 39% on the balance sheet date from the previous figure of 35%.

The Audit Committee held a meeting on December 16, 2009 together with the auditors to discuss the annual financial statements for the short fiscal year 2009. The auditors also presented a management letter on the proper functioning of the risk management system, and discussed the most important conclusions with the members of the Audit Committee. In the subsequent meeting, the Supervisory Board dealt with and formally approved the annual financial statements of BRAIN FORCE HOLDING AG, and also resolved upon the consolidated financial statements, the Management Report, the proposal for the distribution of the dividend submitted by the Management Board and the Report of the Supervisory Board to the Annual General Meeting. Furthermore, a declaration by the Chairman of the Supervisory Board was prepared in respect to the proposed auditors for the 2009/10 fiscal year, their legal relations to the BRAIN FORCE Group and the members of its corporate bodies were evaluated and the fees for the audit were negotiated. During the same meeting, the Supervisory Board also prepared the resolution for the election of the auditors by the Annual General Meeting.

The Supervisory Board meeting of February 11, 2010 dealt with preparations for the 12th Annual General Meeting of BRAIN FORCE HOLDING AG, which took place on February 24, 2010 as planned. At the same time, the Management Board reported to the Supervisory Board about the results of the first quarter, expectations for the entire fiscal year and the future strategy of the company. Following an extensive discussion on the facts, the acquisition of INISYS Software-Consulting Ges.m.b.H. was approved by the Supervisory Board.

At the constituting meeting of the Supervisory Board following the Annual General Meeting on February 24, 2010, Stefan Pierer was elected as Chairman and Friedrich Roithner as the Vice-Chairman. The members of the Presidium were also appointed to serve as the Remuneration and Nomination Committee. The composition of the Audit Committee remained unchanged.

During the Supervisory Board meeting held on May 10, 2010, the Management Board presented a detailed report to the Supervisory Board concerning the earnings development of the first half-year, the outlook for the third quarter and the entire fiscal year, the financing situation and strategy of the company as well as potential further cost savings at the holding company.

The meeting of the Audit Committee held on August 25, 2010 together with the auditors dealt with the results of the preliminary audit of the annual financial statements as at September 30, 2010 as well as the procedures, schedule and priorities of the main audit. In the subsequent meeting, the Supervisory Board was provided with detailed information about the current state of business, third quarter results, the forecasted business results for the fiscal year from October 1, 2009 to September 30, 2010, the 2010/11 budget and medium-term planning. The budget was approved by the Supervisory Board following an intensive discussion.

The annual financial statements and Management Report of BRAIN FORCE HOLDING AG as well as the consolidated financial statements as at September 30, 2010 in accordance with IFRS were audited by PwC INTER-TREUHAND GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna and granted an unqualified auditor's opinion. All documentation related to the annual financial statements, the proposal for the distribution of the profit and the Independent Auditor's Report were discussed in detail with the auditors and presented to the Supervisory Board. We evaluated the documents pursuant to Section 96 Austrian Stock Corporation Act and agreed with the results of the audit. Accordingly, the annual financial statements have been adopted by the Supervisory Board in accordance with Section 125 (2) of the Austrian Stock Corporation Act. Furthermore, the Supervisory Board also approves the proposal of the Management Board for the appropriation of the result.

In order to ensure continuity in the top management, the Supervisory Board followed the recommendation of the Remuneration and Nomination Committee at its meeting held on December 16, 2010 and resolved to extend the contracts of the two Management Board members Michael Hofer and Thomas Melzer to September 30, 2012. The term of office of the Supervisory Board members Christoph Senft and Peter Kotauczek also came to an end with the conclusion of the Annual General Meeting resolving upon the 2009 short fiscal year. On February 24, 2010, the Annual General Meeting accepted the recommendation of the Supervisory Board to reduce the number of shareholder representatives to five for cost reasons, given the fact that Peter Kotauczek did not stand again for re-election. The Supervisory Board would like to thank Peter Kotauczek for his valuable work in recent years. Christoph Senft was re-elected to the Supervisory Board for a term of office ending with the Annual General Meeting resolving upon the 2013/14 fiscal year.

The Supervisory Board would like to thank the management as well as all employees for their dedication and hard work during a very difficult year in respect to the economic conditions in the IT sector. Due to this persistent restructuring and cost cutting, BRAIN FORCE is in much better shape than it was before the outbreak of the global financial and economic crisis.

Vienna, December 16, 2010



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 2009/10 fiscal year from October 1, 2009 to September 30, 2010 to the January 2010 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. The Audit Management Letter prepared by the auditors and their report on the proper functioning of risk management procedures were presented to the Chairman of the Supervisory Board and discussed in a Supervisory Board meeting. Further information on risk management can be found on pages 40 and 73.

"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 Peter Kotauczek (term of office until February 24, 2010), in his capacity as Chief Executive Officer of BEKO HOLDING AG, also serves on the Supervisory Board of its subsidiary, BEKO Engineering & Informatik AG, which operates in the field of Professional Services as does BRAIN FORCE SOFTWARE GmbH, Vienna. The Supervisory Board member Josef Blazicek also serves on the Supervisory Board of update software AG, which offers front office business solutions for similar branches as does BRAIN FORCE Software GmbH, Munich.

The updated version of the Austrian Corporate Governance Code and the Corporate Governance Report are available at [www.brainforce.com](http://www.brainforce.com) 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 already points out important dates in a timely manner. 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 on pages 27 and 28 of this 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 one 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. Four meetings of the Supervisory Board were held in the fiscal year from October 1, 2009 to September 30, 2010. 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 development and strategic 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 on page 19. Every Supervisory Board member took part in more than half of the Supervisory Board meetings during the 2009/10 fiscal year.

The Supervisory Board has enacted guidelines to determine the independence of Supervisory Board members of BRAIN FORCE HOLDING AG in accordance with C-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, parents, uncles, aunts, siblings, nieces and nephews) of a member of the Management Board of BRAIN FORCE HOLDING AG or of people who do not 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 above-mentioned 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 Section 95 Austrian Stock Corporation Act. This responsibility is being completely carried out by the currently appointed Supervisory Board. The company has a free float exceeding 20% and less than 50%. Two members of the Supervisory Board (Christoph Senft and Wolfgang Hickel) are not owners of the company with a stake of more than 10%, nor do they represent the interests of a large 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 or Supervisory Board members, nor has it concluded contractual agreements with these individuals. Based on the approval granted by the Supervisory Board (with Josef Blazicek abstaining from voting), the company concluded a Letter of Engagement in August 2009 contracting Ocean Consulting GmbH, a company in which Josef Blazicek is a partner, to provide M&A consulting services. The fees stipulated in the agreement correspond to prevailing market rates and were subsequently invoiced in the course of the 2009/10 fiscal year. Hofer Management GmbH, a company in which Michael Hofer owns a 100% stake, placed one employee at the disposal of BRAIN FORCE at prevailing market terms and conditions for the period September 2009 to March 2010. Moreover, one employee was put at the disposal of our German subsidiary at prevailing market terms and conditions to carry out a customer project. A transfer agreement with Hofer Management GmbH has been in effect since October 2009 to put a management board member at the disposal of BRAIN FORCE. On December 16, 2009, BRAIN FORCE HOLDING AG concluded a sale and purchase agreement with BEKO Engineering & Informatik, AG, Nöhhagen, in which BEKO acquired all shares of BRAIN FORCE SOFTWARE GmbH, Vienna. This sale was in line with prevailing standards in the IT sector. The acquisition price was within the range objectively determined by an independent chartered accountant. Service relationships exist with the associated company SolveDirect Service Management GmbH, Vienna in some isolated cases, the scope of which does not have a material impact on the financial situation of the company.

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 Inter-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was appointed by the 12th 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, 2009 and September 30, 2010. 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. In the 2009/10 fiscal year between October 1, 2009 and September 30, 2010, total consulting fees invoiced by PwC to BRAIN FORCE HOLDING AG amounted to EUR 0.07 million. The fee charged for auditing the consolidated financial statements and carrying out audit-related services totaled EUR 0.12 million.

## Management Board

Günter Pridt, who served as Chief Executive Officer of BRAIN FORCE HOLDING AG since September 4, 2007, requested that the Supervisory Board terminate his employment contract for health reasons, effective at the end of 2009. Günter Pridt was a

member of the Supervisory Board of BRAIN FORCE HOLDING AG from 2005 to 2007 before being named CEO in September 2007. The Supervisory Board appointed Michael Hofer to be the new Chief Executive Officer, effective October 19, 2009.



### Michael Hofer

Chief Executive Officer since October 19, 2009, appointed until September 30, 2012. Born 1960, married

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 Vienna University of Economics and Business Administration until 1991. In that year, he was named product manager at Eternit-Werke Ludwig Hatschek AG

and also assumed the position of managing director of Trumag Trunkenholz VertriebsgmbH. In 1996, he 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 one half years. Before being named the CEO of BRAIN FORCE, he was the sole managing director of Eternit-Werke Ludwig Hatschek AG for about four years in the period 2005 to 2009, and a member of the Supervisory Board of BRAIN FORCE HOLDING AG starting on May 28, 2008.

Areas of responsibility of Michael Hofer since October 19, 2009:

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



### Thomas Melzer

Chief Financial Officer, appointed until September 30, 2012. Born 1970, married

Thomas Melzer, who holds a master's degree in business administration, has served as Chief Financial Officer of BRAIN FORCE HOLDING AG since April 1, 2008. He previously worked in various positions for Wienerberger AG, the world's largest brick manufacturer: from 1997 to 1999 in controlling and Group accounting, and starting in

the year 2000 as director of investor relations and corporate communications. From 2001 to 2008, Thomas Melzer was also a member of the Management Committee of Wienerberger AG, and served on the Supervisory Board of the Pipelife Group from June 2007 to February 2008. In addition, Thomas Melzer was a member of the Management Board of Cercle Investor Relations Austria (C.I.R.A.) for seven years, serving as its chairman from October 2004 to September 2007.

Areas of responsibility of Thomas Melzer:

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

Areas of responsibility shared by all members of the Management Board are Business Strategy and Strategic Projects.

### Günter Pridt

Chief Executive Officer until October 19, 2009, member of the Management Board until December 31, 2009. Born 1951, married

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



## Members and Committees of the Supervisory Board

In the 2009/10 fiscal year lasting from October 1, 2009 to September 30, 2010, the Supervisory Board of BRAIN FORCE HOLDING AG consisted of the following members elected by the Annual General Meeting:

### **Stefan Pierer, Chairman as of February 24, 2010**

Independent pursuant to Rule 53 Austrian Corporate Governance Code, term of office until the end of the annual general meeting resolving upon the 2010/11 fiscal year, first elected May 28, 2008, born 1956

- ▶ Chief Executive Officer of CROSS Industries AG
- ▶ Chief Executive Officer of KTM Power Sports AG
- ▶ Management Board of Unternehmens Invest AG (as of February 12, 2010)
- ▶ Chairman of the Supervisory Board of Pankl Racing Systems AG
- ▶ Deputy Chairman of the Supervisory Board of Unternehmens Invest AG (up to February 12, 2010)
- ▶ Supervisory Board of BEKO HOLDING AG
- ▶ Supervisory Board of Austria Email Aktiengesellschaft (up to June 30, 2010)

### **Friedrich Roithner, Deputy Chairman**

Independent pursuant to Rule 53 Austrian Corporate Governance Code, term of office until the end of the annual general meeting resolving upon the 2011 fiscal year, first elected May 28, 2008, born 1963

- ▶ Management Board of CROSS Industries AG (as of July 1, 2010)
- ▶ Management Board of Unternehmens Invest AG (up to June 30, 2010)
- ▶ Supervisory Board of BEKO HOLDING AG

### **Christoph Senft, Chairman until February 24, 2010**

Independent pursuant to Rule 53 Austrian Corporate Governance Code, term of office until the end of the annual general meeting resolving upon the 2013/14 fiscal year, first elected June 12, 2003, born 1961

- ▶ Managing Director of MWS Industrieholding GmbH
- ▶ Managing Director of MWS Aluguss GmbH

### **Josef Blazicek**

Independent pursuant to Rule 53 Austrian Corporate Governance Code, term of office until the end of the annual general meeting resolving upon the 2010/11 fiscal year, first elected May 28, 2008, born 1964

- ▶ Deputy Chairman of the Supervisory Board of CROSS Industries AG (as of April 30, 2010, previously Chairman)
- ▶ Chairman of the Supervisory Board of BEKO HOLDING AG
- ▶ Supervisory Board of Unternehmens Invest AG (up to July 21, 2010)
- ▶ Supervisory Board of update software AG
- ▶ Supervisory Board of Pankl Racing Systems AG
- ▶ Supervisory Board of All for One Midmarket AG

### **Wolfgang M. Hickel**

Independent pursuant to Rule 53 Austrian Corporate Governance Code, term of office until the end of the annual general meeting resolving upon the 2010/11 fiscal year, first elected June 14, 2000, born 1949

- ▶ Principal of the Höhere Technische Bundeslehr- und Versuchsanstalt Spengergasse school in Vienna

### **Michael Hofer**

Independent pursuant to Rule 53 Austrian Corporate Governance Code, term of office until October 19 2009, first elected May 28, 2008, born 1960

### **Peter Kotauczek**

Independent pursuant to Rule 53 Austrian Corporate Governance Code, term of office until February 24, 2010, born 1939

- ▶ Chief Executive Officer of BEKO HOLDING AG
- ▶ Supervisory Board of TeleTrader Software AG

### **Audit Committee**

Members are: 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

Three meetings of the Audit Committee were held during the 2009/10 fiscal year lasting from October 1, 2009 to September 30, 2010, primarily focusing on the following issues:

- ▶ December 2009: Auditor's Report on the audit of the financial statements for the fiscal year ending September 30, 2009
- ▶ August 2010: Preliminary discussions in respect to the audit of the financial statements for the fiscal year ending September 30, 2010, report of the Management Board on financing of the Group

### **Remuneration and Nomination Committee**

Members up to February 24, 2010: Christoph Senft (Chairman), Friedrich Roithner (Deputy Chairman); members as of February 24, 2010: 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 2009/10 fiscal year lasting from October 1, 2009 to September 30, 2010, primarily focusing on the conditions of the contract with the member of the management board Michael Hofer.

## Remuneration Report

Transparent presentation of remuneration paid to the Management and Supervisory Boards in the 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.

The aim of the remuneration scheme is to ensure an adequate and performance-based compensation

Pursuant to the stipulations contained in the Austrian Stock Corporation Act, the Management Board is appointed for a specified period of time (Günter Pridt until December 31, 2009, Michael Hofer until September 30, 2012, Thomas Melzer until September 30, 2012). Contracts for the individual members of the BRAIN FORCE Management Board are concluded for the respective term of office, 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 Group profit before tax.

Annual bonus of the Management Board is oriented to profit before tax (PBT)

The fixed basic 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 profit before tax of the BRAIN FORCE Group. Due to the economic development in 2009, the Management Board members decided to waive part of their fixed basic salaries and make it dependent on achieving the budgeted targets. The original performance-based salary component was set at a maximum of 100% of the total annual fixed salary for the Management Board members Günter Pridt and Thomas Melzer. The variable remuneration for Michael Hofer was defined at a maximum of 127% of his fixed remuneration. 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.

7% of total remuneration are variable

The total remuneration paid to the members of the Management Board for the 2009/10 fiscal year to € 558,232 (short fiscal year 1-9 2009: 364,286), of which 93% comprised the fixed basic and 7% represented variable cash remuneration.

Management Board Remuneration in €	10/2009-9/2010			1-9/2009		
	Fixed	Variable	Total	Fixed	Variable	Total
Michael Hofer	261,696	3,268	264,964	0	0	0
Thomas Melzer	200,000	18,268	218,268	164,286	0	164,286
Günter Pridt	60,000	15,000	75,000	200,000	0	200,000
<b>Total</b>	<b>521,696</b>	<b>36,536</b>	<b>558,232</b>	<b>364,286</b>	<b>0</b>	<b>364,286</b>

Management Board members do not serve on other boards

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.

In the case of a termination of the employment relationship to a particular member of the Management Board, the respective member has a claim for severance payments pursuant to the legal regulations prevailing in Austria. In 2009, payments to “Mitarbeitervorsorgekassen” (statutory contributions to a fund for employee severance payments) totaled € 5,364 (previous year: € 7,154). As of 2009 5% and as of 2010 10% of the fixed basic salary of the Chief Financial Officer will be paid by the company on his behalf into a defined contribution pension scheme. No other pension fund agreements exist. No costs were incurred for commitments to former Management Board members (previous year: € 0).

Severance payments for Management Board members reflect legal regulations in Austria

The Annual General Meeting held on February 24, 2010 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 short fiscal year 2009, depending on the functions they perform. Accordingly, the Chairman of the Supervisory Board receives € 7,500, the Deputy Chairman € 6,000 and every other Supervisory Board member is paid € 4,500. In addition, the Chairman is granted an attendance fee of € 1,000 for each Supervisory Board meeting he attends, whereas the Deputy Chairman is paid € 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 2009/10 fiscal year (payment in the 2010/11 fiscal year), the total remuneration to be paid to members of the Supervisory Board and already recognized as an expense in the income statement amounts to € 56,600. In the 2009/10 fiscal year, the total remuneration paid to members of the Supervisory Board for the short fiscal year 2009 totaled € 63,733.

Annual General Meeting resolution on remuneration for the Supervisory Board

Remuneration for the Supervisory Board in €	10/2009-9/2010	1-9/2009
Stefan Pierer, Chairman	11,200	6,900
Friedrich Roithner, Deputy Chairman	12,900	10,433
Josef Blazicek	8,700	7,800
Wolfgang Hickel	7,800	7,500
Michael Hofer	300	7,500
Peter Kotauczek	3,600	8,100
Christoph Senft	12,100	15,500
<b>Total</b>	<b>56,600</b>	<b>63,733</b>

Remuneration granted for services performed above and beyond the above-mentioned Supervisory Board duties, in particular for any consulting fees or commissions, is listed on page 17. No pension obligations exist for members of the Supervisory Board of BRAIN FORCE HOLDING AG.

No pension obligations for the Supervisory Board

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 Section 48 Austrian Stock Exchange Act, and is published on the BRAIN FORCE Website under “Investors/Corporate Governance/Directors’ Dealings”.

Disclosure of transactions in own shares on the Website

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.

Company pays costs of D&O insurance

# The Company

## Company profile

Leading IT services Group  
with 713 employees in seven  
countries in Europe and the  
USA

BRAIN FORCE was  
established in 1983

BRAIN FORCE is a leading IT services group with 713 employees at 12 locations in seven European countries, as well as a subsidiary in California, USA. The corporate headquarters of BRAIN FORCE, a publicly listed company on the Vienna Stock Exchange, are located in Vienna, Austria. Germany is the largest single market, generating 52% of Group revenues, followed by South West Europe (primarily Italy) which contributes 31%, Central East Europe (primarily Austria) with a 15% share of revenues and North Europe (Netherlands) which accounts for 7% of total revenues.

Founded in 1983, BRAIN FORCE has considerably expanded its portfolio of products and services since the Initial Public Offering in the year 1999 (Neuer Markt segment in Frankfurt). The core business of the company currently rests upon two pillars:

### Process Optimization (formerly: Business Solutions)

The Process Optimization area develops IT solutions to support business-critical processes in companies, enabling them to achieve competitive advantages and reduce their costs.

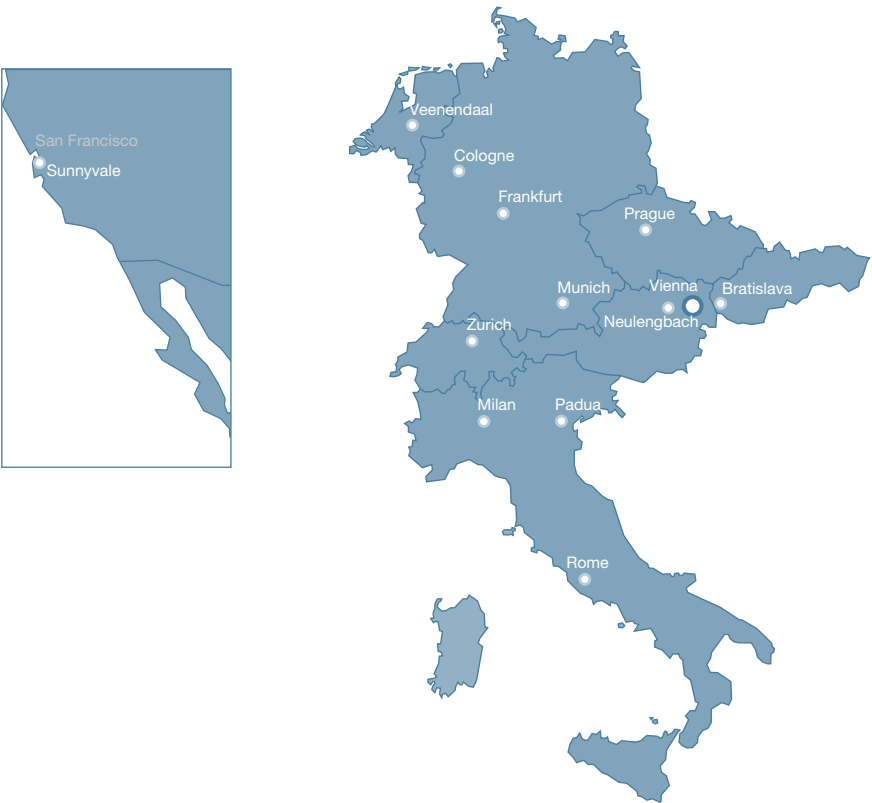
### Infrastructure Optimization

The Infrastructure Optimization area offers IT solutions providing companies with a more manageable and efficient IT infrastructure, thus increasing the productivity and simultaneously reducing the costs on the part of our customers.

This portfolio is complemented by **Professional Services** in Germany and since October 2010 also in the Netherlands, where BRAIN FORCE recruits and supplies IT specialists for customer requirements.

Accordingly, customers and partners profit from smart IT solutions based on a best practice approach, efficient services and innovative products. These solutions reduce your costs, enhance productivity and business success.

BRAIN FORCE is represented at the following locations:



## Products and Services

BRAIN FORCE provides smart IT solutions on the basis of best practices, effective services and innovative products in the areas of Process Optimization and Infrastructure Optimization. Professional Services complement the BRAIN FORCE portfolio, offering the recruitment and provision of the right IT experts at the right time. Thus our customers can reduce their costs, enhance productivity and the success of their business.

**Process Optimization** encompasses IT solutions in the following fields:

- ▶ Enterprise Resource Planning (ERP): Improvement of the customer's competitive position through the optimized coordination and integration of business processes based on comprehensive branch know-how.
- ▶ Customer Relationship Management (CRM): Increased sales success and customer satisfaction based on a solution which is optimally tailored to everyday business processes.
- ▶ Business Analytics: Corporate Performance Management (CPM) and Business Intelligence (BI) processes, methods and KPI (Key Performance Indicator) systems for the orientation of operational and strategic priorities and the preparation of target group specific reports.
- ▶ IT Solutions for financial services providers: Business process optimization by tailor-made software solutions for front and back office areas of insurance companies, banks and financial services providers in the regions Germany, Austria, Switzerland.

**Infrastructure Optimization** bundles IT solutions focusing on:

- ▶ IT Consulting: consulting pertaining to the implementation of strategic goals such as the cost and risk reduction or efficient IT operations, as well as the installation of new technologies for modern workplace concepts.
- ▶ Server and Data Management: Buildup of a well-manageable, dynamic, secure and reliable server and data infrastructure.
- ▶ Desktop Management: Creation of a dynamic, user-focused infrastructure by means of the implementation of leading-edge technologies and taking advantage of best practices, as well as the achievement of cost savings based on automation and virtualization.
- ▶ Application Management: Best practices and intelligent tools designed to ensure the compatibility of applications and availability anytime and anywhere.
- ▶ Communication and Collaboration: Increased user productivity by integrating state-of-the-art technologies in the field of collaboration and communication into the existing infrastructure.
- ▶ IT Service Management Solutions: Integration, administration and management of all service processes, systems and partners on a single platform.
- ▶ Network Performance Hardware: Innovative solutions enabling improved productivity, increased availability and the prevention of malfunctions or breakdowns in network applications in the regions Germany, Austria and Switzerland.

Smart IT solutions contribute to cost reduction and the business success of customers

BRAIN FORCE supplies solutions to optimize business-critical processes

We provide customers with an efficient and cost-effective IT infrastructure

Core Business IT Optimization   Service   Consulting		Products and Others
Process Optimization	Infrastructure Optimization	SolveDirect Service management worldwide
Inisys / BF Austria ERP	BF Italy	FINAS Suite Front-Office-Solutions for financial services in GER
BF Italy ERP, CRM, BA	BF Germany	Rebecca   Jupiter Mortgage Management   Asset Mgmt. in CZ and SK
	BF Netherlands	Network Performance Hardware Europe, Middle East
Professional Services Recruiting and supply of IT specialists in GER and NL		

## Corporate Strategy

Adjustment of strategy to  
changing conditions

The BRAIN FORCE management determinedly continued the implementation of restructuring measures initiated in 2009, in order to quickly and sustainably improve the operating performance. Three priorities were defined for the 2009/10 fiscal year:

Persistent restructuring and  
cost cutting in all areas

### 1. Restructuring and cost reductions

The past fiscal year was influenced by the ongoing difficult business environment. This was primarily reflected in the significantly lower license sales for BRAIN FORCE and price pressure in the service business. Whereas several sectors reported a perceptible increase in incoming orders since the spring of 2010, our business units registered at most a stabilization of business at a low level until August. For this reason, we implemented further restructuring measures to adapt the cost structure to the lower revenue level and quickly and sustainably improve operating results. Since the end of 2008, BRAIN FORCE trimmed its total staff by about 200 salaried employees (or approx. 30% of the workforce). Additional cost reductions were realized on the basis of short time working in Germany as well as a downward adjustment in the number of free-lance employees and all other cost items.

3 strategic transactions in  
order to further focus the  
business model

### 2. Focusing and customer proximity

From a strategic point of view, the 2009/10 fiscal year was shaped by three strategic transactions: the sale of our Professional Services business in Austria, the participation of an investor in SolveDirect to finance its expansion in the USA, and the acquisition of Inisys, an ERP specialist for Microsoft Dynamics solutions in Austria. As a result, we more strongly oriented our operations to the requirements of our customers, as demonstrated by the consistent focus on the future core competences of the BRAIN FORCE Group: solutions in the fields of Process and Infrastructure Optimization concentrating on achieving cost savings and productivity increases for our customers, complemented by Professional Services in Germany and the Netherlands.

Sustainable improvement  
of internal processes and  
systems

### 3. Strengthening of internal financing capabilities

Under the motto "Cash is King", the project launched in the previous year to optimize working capital was renewed in order to further and sustainably improve internal processes and systems. This succeeded in reducing external financing requirements and the interest expense, and improving the balance sheet structure.

Promotion of the long-term  
growth drivers of Process and  
Infrastructure Optimization

Since the middle of 2008, the long-term growth strategy of BRAIN FORCE has concentrated on two pillars, namely Process Optimization (formerly: Business Solutions) and Infrastructure Optimization. Following an extensive evaluation of the market environment in the countries served by BRAIN FORCE and on the basis of external analyses of the Gartner Group, these two business areas were identified as promising and future-oriented fields of the IT sector featuring above-average growth potential. The product and service offering in these two growth fields is not only covered by individual countries but by local business units throughout the Group, enabling increased visibility and recognition of the BRAIN FORCE brand on an international level. At the same time, BRAIN FORCE is marketing its local product offering such as FINAS Suite in the DACH region, Rebecca and Jupiter particularly in Central East Europe and the solutions of SolveDirect on a worldwide basis.

### Process Optimization

In order to strengthen our position in the Process Optimization area, we acquired INISYS Software-Consulting Ges.m.b.H. at the beginning of the year and successfully integrated the company into the Group. Inisys is an established ERP specialist for Microsoft Dynamics solutions on the Austrian market. Since then, the priority has been the joint exploitation and marketing of adds-on developed in-house on the basis of Microsoft technologies by our subsidiaries in Italy and Austria, as well as an intensive know-how exchange and joint purchasing and development policies.

Expansion of market position based on the acquisition of an ERP specialist for Microsoft Dynamics

At the same time, we are promoting the marketing of our own software solutions such as FINAS Suite (sales and consulting solutions for financial service providers) in the DACH region from Munich, Rebecca (mortgage administration) and Jupiter (asset management) from the Czech Republic and Slovakia in accordance with the respective market potential.

### Infrastructure Optimization

The Infrastructure Optimization area attaches particular importance to expanding its offering of IT services and software products with growth potential to other international markets. In particular, this includes Server and Data Management, Desktop Management and Communication and Collaboration solutions for modern, mobile workplace concepts and the offering in the field of Application Management (e.g. BRAIN FORCE Packaging Robot and BRAIN FORCE Application Manager for software management from the Netherlands) for highly available and compatible applications. The portfolio in the field of Infrastructure Optimization is complemented by solutions focusing on B2B Integration and IT Service Management (SolveDirect solutions from Vienna, Austria).

Focus on modern, mobile workplace concepts

The solutions offered by BRAIN FORCE stand out due to their offering of efficient consulting in respect to the selection, implementation and maintenance of suitable products. These products are partly developed by BRAIN FORCE itself, and partly acquired from business partners. Irrespective of the particular software products, BRAIN FORCE also provides suitable experts for customer projects. Accordingly, a separate Professional Services competence center (recruiting and deployment of IT specialists) has been set up in Germany. Due to demand from customers, this business area will be newly built up in the Netherlands with the support of our competence center in Germany.

Core business complemented by Professional Services in Germany and the Netherlands

### Smart IT consulting

The financial and economic crisis fundamentally changed the attitude of companies to IT expenditures. Earlier, IT managers were able to take personal responsibility for investments made within the context of their own budgets. In the meantime, the decision-making competence is now more in the hands of top management. As a result, a new objective has been defined for IT departments. Up until now IT was performance-oriented, but in the future it will have to be cost-oriented.

The economic crisis fundamentally changed attitude of firms to IT expenditures

In addition, desktop virtualization is transforming the IT landscape on a long-term basis. The expected useful life of hardware is rising, server management is becoming more versatile and all applications are being centralized. The companies (customers) are thus increasingly outsourcing their IT tasks, due to the fact that they are no longer assured of the professional qualifications of their employees. The administration of the IT infrastructure will remain in the hands of the company, but the technology will be acquired on the outside.

In the future, BRAIN FORCE will thus concentrate on providing smart IT consulting. We want to be the partners of our customers in the fields of Process and Infrastructure Optimization with a clearly-defined focus on achieving cost savings.

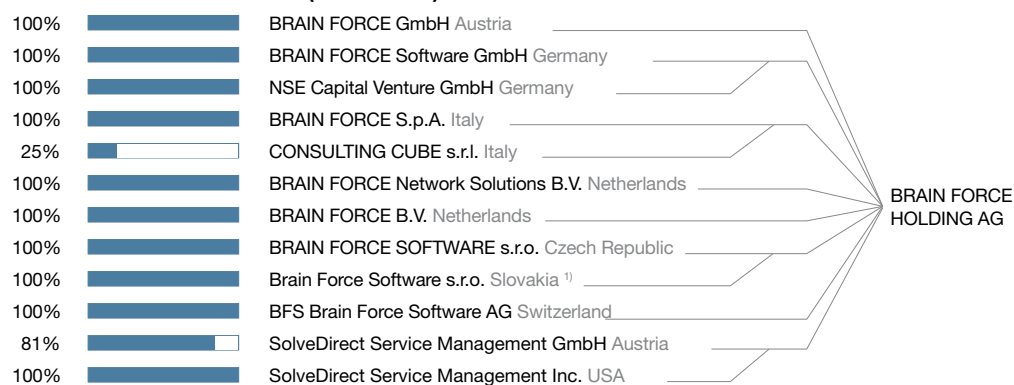
Focus on smart IT consulting strongly oriented to reducing costs



## Corporate Structure

From a strategic point of view, the 2009/10 fiscal year was shaped by three strategic transactions: the sale of our Professional Services business in Austria, the participation of an investor in SolveDirect to finance its expansion in the USA, and the acquisition of Inisys, an ERP specialist for Microsoft Dynamics solutions in Austria. The following chart shows the existing Group structure on the balance sheet date:

### BRAIN FORCE HOLDING AG (shares in %)



1) of which 99,5% is held by BRAIN FORCE SOFTWARE s.r.o., Tschechien, and 0,5% by BRAIN FORCE HOLDING AG, Austria.

## Operative Management

Germany	<b>Martin Friedrich</b> , Spokesman of the Management Board, responsible for Professional Services, Process and Infrastructure Optimization, Internal IT and Marketing <b>Winfried Hubrich</b> , Member of the Management Board, responsible for Finance & Administration
Italy	<b>Franco Righini</b> , Spokesman of the Management Board, responsible for Infrastructure Optimization, Rome office and Human Resources <b>Stefania Donnabella</b> , Member of the Management Board, responsible for Process Optimization and Marketing <b>Walter Campi</b> , Member of the Management Board, responsible for Finance & Administration <b>Michael Hofer</b> , Member of the Management Board
Netherlands	<b>Sander Cornelissens</b> , Member of the Management Board, responsible for Sales & Marketing, Product Development, Finance & Administration <b>Henk van Wijnen</b> , Member of the Management Board, responsible for Operations and Human Resources <b>Michael Hofer</b> , Member of the Management Board
Austria	<b>Reinhold Brunner</b> , Member of the Management Board, responsible for Operations and Sales <b>Michael Hofer</b> , Member of the Management Board, responsible for Marketing, Finance & Administration  <b>Martin Bittner</b> , Spokesman of the Management Board of SolveDirect Service Management GmbH <b>Marcus Oppitz</b> , Member of the Management Board of SolveDirect Service Management GmbH
Switzerland	<b>Peter Brogle</b> , Non-executive Director on the Administrative Board
Slovakia	<b>Ondrej Lipovsky</b> , Sole Managing Director
Czechia	<b>Drahomír Hrubý</b> , Sole Managing Director



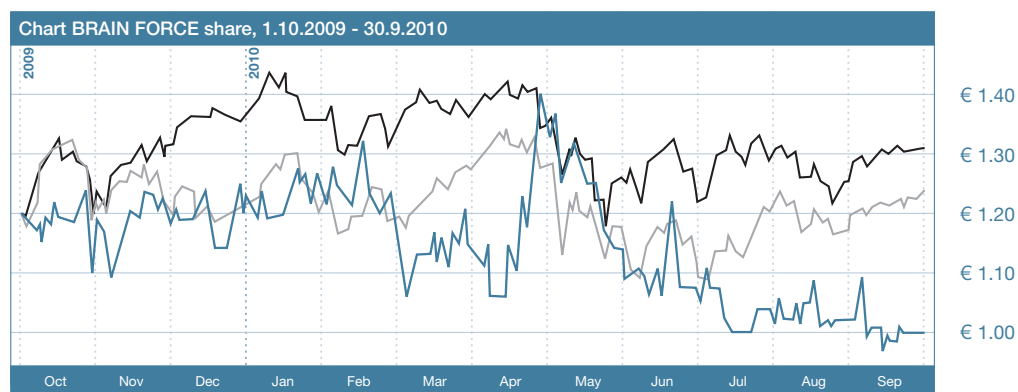
## BRAIN FORCE Shares and Owners

### Share price development

The calendar year 2009 ended with considerable gains after the share prices of all relevant stock markets had plunged to its lowest levels in many years in March 2009. However, negative economic data and the financial problems faced by Greece and other EU member states abruptly put an end to the upbeat mood on the stock exchanges at the beginning of 2010. The EU aid package to refinance public bonds ultimately stopped the partly strong share price losses on the stock markets. The year's highs were reached at the beginning of the second quarter of the 2010 calendar year. Subsequently share prices once again drifted downwards in the course of the year. In spite of weaker macroeconomic data, the third quarter of 2010 was characterized by a renewed upward trend on leading stock exchanges, driven by corporate results which surpassed expectations.

The Vienna benchmark index ATX started our 2009/10 fiscal year (October 1, 2009) at 2,637 points, temporarily reached 2,700 points before dropping to a level of 2,400 points at the beginning of February 2010. Within a period of two months, it subsequently climbed to close to 2,800 points by the middle of April, only to fall once again to its lowest level for the year of slightly above 2,200 points in June. The ATX gained more than 10% in value in the third quarter and closed at 2,541 points on September 30, 2010. On balance, the ATX fell by 4% from October 2009 to September 2010. During the same period, the DAX registered a 10% rise in value, the Dow Jones Industrial climbed by 11% and the NASDAQ-100, of particular relevance to the IT sector, rose by 16%, higher than the TECDAX rise of 3%.

The BRAIN FORCE share, listed in the Standard Market Continuous of the Vienna Stock Exchange, began our 2009/10 fiscal year at a price of € 1.20. Following a decline in value to € 1.10 at the beginning of November 2009, a rise to € 1.25 in the middle of February 2010 and a renewed drop to € 1.10 at the beginning of April 2010, the share price climbed to € 1.40 by the end of April 2010. This was followed in the middle of July 2010 by a renewed decrease to € 1.00 per share, the same price at the close of trading on September 30, 2010. Accordingly, the BRAIN FORCE share registered a 17% loss in the period October 2009 to September 2010.



### Dividend policy

The Management Board of BRAIN FORCE HOLDING AG will propose to the Annual General Meeting scheduled for March 2, 2011 that no dividend be distributed for the 2009/10 fiscal year, in order to keep the liquidity inside the company.

### Owners

After the integration of the CROSS Group subsidiary that made a takeover offer for all BRAIN FORCE shares in 2008, BEKO HOLDING AG is the majority shareholder in BRAIN FORCE HOLDING AG, with a stake of 54.65%, as at September 30, 2010. In addition, Cross Industries AG (a parent company of BEKO HOLDING AG) owns 0.63% of BRAIN FORCE shares. Furthermore, BRAIN FORCE was notified that ABAG AKTIENMARKT BETEILIGUNGS AG, Cologne, Germany, has controlled 16.97% of the voting rights in BRAIN FORCE HOLDING AG since December 15, 2009. This investment club consists of about 1,000 private German shareholders. The remainder of the share capital totaling € 15,386,742 and no-par value shares is in free float.

The dramatic losses on the stock markets at the beginning of the year could be stopped by government action

Strong growth of all relevant benchmark indices from their year's lows in March

No recovery in the price of the BRAIN FORCE share since the decline at the beginning of the year

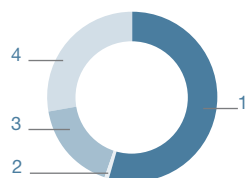
Legend:

- BRAIN FORCE HOLDING AG
- TecDax (indexed)
- ATX – Austrian Traded Index (indexed)

Management Board proposes no dividend payout

BEKO is the majority owner with close to a 55% share at the reporting date

## Shareholder Structure



- 1 BEKO HOLDING AG 54.65%  
 2 CROSS Industries AG 0.63%  
 3 ABAG AKTIENMARKT  
 BETEILIGUNGS AG 16.97%  
 4 Free Float 27.75%

Key Data per Share		2009/10	1-9/2009	Change in %
Earnings	in €	0.05	-0.31	>100
Adjusted earnings <sup>1)</sup>	in €	-0.26	-0.11	>100
Earnings from continuing operations	in €	0.06	-0.15	>100
Earnings from discontinued operations	in €	-0.01	-0.16	+94
Dividend	in €	0.00	0.00	-
Free cash flow <sup>2)</sup>	in €	-0.14	0.00	-
Equity	in €	1.31	1.26	+4
Share price high	in €	1.40	2.19	-36
Share price low	in €	0.91	1.02	-11
Share price at year-end	in €	1.00	1.20	-17
P / E ratio high		28.0	n.a.	-
P / E ratio low		18.2	n.a.	-
P / E ratio at year-end		20.0	n.a.	-
Share outstanding (weighted)	in 1,000	15,387	15,387	0
Market capitalization at year-end	in € million	15.39	18.46	-17
Average turnover / day Vienna Stock Exchange	in € 1,000	3.79	3.91	-3

1) Excluding restructuring costs and loss from discontinued operations and also other non-recurring income and expense

2) Cash flow from operating activities minus Cash flow from investing activities plus acquisitions

Investor relations aims at inspiring the confidence of all capital market participants

### Investor Relations

The Management Board of BRAIN FORCE HOLDING AG pursues a transparent and professional communications 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 Chief Financial Officer but closely involve the Chief Executive Officer as well. The declared goal of our IR work is to convey an accurate picture of the company as a means of enabling a correspondingly accurate valuation of the BRAIN FORCE share.

Active IR work based on one-on-one meetings and conferences

In the past financial year, the BRAIN FORCE management presented the company at one investor conference and several one-on-one meetings. On May 20, 2010, the Chief Financial took part in a roadshow organized by the Börse Express newsletter in Vienna and discussed first half-year 2009/10 earnings, the strategy, the implemented restructuring measures and the long-term growth perspectives of the company to about 200 private investors and analysts.

Analyses on the company are available on the website

The BRAIN FORCE share (15,386,742 outstanding no par value bearer shares) is currently being covered by SES Research (Hamburg, Germany). All analyses of the company carried out since the year 2005 are available for download in the investor relations area of our website.

### Information on the BRAIN FORCE share

Investor Relations:	Thomas Melzer
Phone:	+43 1 263 09 09 12
E-mail:	investorrelations@brainforce.com
Internet:	www.brainforce.com
Vienna Stock Exchange:	BFC
Reuters:	BFCG
Bloomberg:	BFC:AV
Datastream:	O:BFS
ISIN:	AT0000820659

# Management Report

## Business Environment

Following a downturn of the global economy in 2009 within the context of the financial crisis, the International Monetary Fund predicts a 4.8% growth rate in 2010. The Eurozone economy is expected to expand by 1.7% in 2010. In Germany, the most important market for BRAIN FORCE, the economy is anticipated to grow by 3.3%, compared to 1.6% for Austria, 1.0% for Italy and 1.8% for the Netherlands. The European economy is picking up steam, according to the European Commission, adding that the global economy will lose momentum in the second half-year 2010. Although the economic recovery is still timid following the serious economic crisis, there is no need to fear a renewed relapse into a recession, the European Commission concludes. Highly indebted Greece, along with Ireland which must restructure its banking sector and Spain, which has not yet been able to free itself from the clutches of the recession, all continue to be causes for concern.

The IMF predicts 1.7% growth for 2010 in the Eurozone

In 2011, the International Monetary Fund predicts a renewed 1.7% growth in the Eurozone. The German economy is expected to surpass the European average, expanding by 2%. Growth in Austria is anticipated to reach a level of 1.6% in the upcoming year, compared to 1.0% for Italy and 1.7% for the Netherlands. However, the speedy recovery of the economy continues to feature several risks. For example, renewed shocks to the international financial and banking system cannot be excluded, and the consequences of the strong increase in unemployment and public debt cannot be reliably predicted. The expiration of numerous economic stimulus packages and economic aid which succeeding in counteracting the downswing in the short term could be a setback to growth.

Positive GDP development expected in all BRAIN FORCE markets in 2011

The economic recovery is also perceptible in the information and telecommunications technology sector. The market research company Gartner Group estimates that worldwide IT expenditures (in USD) will climb by 2.4% in 2010. A 3.1% growth rate is anticipated for 2011. According to Gartner, Europe is the only region in the world in which IT investments declined in 2009 and 2010. A slight increase in Europe's IT expenditures is only expected in 2011.

Increase of global IT expenditures in 2010, recovery of IT market in Europe only in 2011

In Italy, IT expenditures will likely fall by 7.6% in 2010, concludes a report published by the Italian National Association of ICT Companies (ASSINTEL). In contrast, sales of Germany's ICT sector will grow in 2010, according to the Federal Association for Information Technology, Telecommunications and New Media. However, growth in the ICT sector at 1.4% will be by far lower than the overall economic trend. Experts predict higher revenues in the fields of software (2.4%) and IT services (1.4%). Industry analysts expect a 2% growth rate for the ICT sector in Germany as a whole in 2011, and 4.2% for software and IT services.

Growth of Germany's ICT sector will be by far lower than the overall market in 2010

## Financial Review

### Earnings position

The 2009/10 fiscal year was shaped by the ongoing difficult business environment in the IT sector, and the corresponding decline in revenue and operating earnings, particularly as a result of lower licensing proceeds and price pressure from customers. Additional restructuring measures were required as a consequence of the further decrease in incoming orders and revenue. After capacities in Italy had been significantly reduced and business operations in the Berlin office were discontinued in the prior year, restructuring measures had to be implemented also in the Netherlands and at the Frankfurt office in the 2009/10 fiscal year.

Revenue decline required restructuring at two additional locations

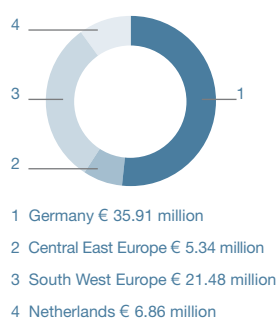
In addition, 2009/10 was influenced by three strategic transactions: the sale of the Professional Services business in Austria, the participation of an investor in SolveDirect and the acquisition of Inisys, an ERP specialist for Microsoft Dynamics solutions in Austria. BRAIN FORCE achieved significantly positive results in the past fiscal year as a result of the book gains arising from the first two transactions.

Clearly positive results due to strategic transactions and the related non-recurring effects

Pro-forma 12 month  
comparison of earnings  
figures due to the prior  
short fiscal year

In the prior year, the balance sheet date was changed to September 30th throughout the Group. Accordingly, the short fiscal year 2009 only encompassed the period January 1 to September 30, 2009. A comparison of 2009/10 earnings with the prior-year reporting for only nine months only has a limited significance. For this reason, at this point the results for 2009/10 are being compared (pro forma) with the period October 1, 2008 to September 30, 2009. These disclosures in the management report relate to a reporting period neither audited nor subjected to an audit review, and are marked accordingly.

Revenues by regions



Total Group revenues dropped by 22% in the 2009/10 fiscal year, to € 69.59 million, with all regions registering a drop in revenue compared to the prior year. Adjusted for the three strategic transactions, the organic decline was 15%. The German region reported revenues of € 35.91 million, down 15% on the prior year, and contributed 52% to Group revenues. In Central East Europe, revenues fell 59% to € 5.34 million, accounting for 7% of total revenues. The revenue decrease can be exclusively attributed to the deconsolidation of BRAIN FORCE SOFTWARE GmbH, Vienna, effective December 31, 2009, and the deconsolidation of SolveDirect Service Management GmbH, Vienna as at January 1, 2010. In the South West Europe region, revenues dropped by 13% to € 21.48 million, corresponding to a 31% share of Group revenues. In the Netherlands region (formerly North Europe), revenues were down 24% to € 6.86 million. This segment accounted for 10% of Group revenues. The drop in license sales, the price pressure on the part of customers as well as the partial under-utilization of employees resulted in a decline of gross profit to revenues from 22.1 to 18.7%. In a 12 month comparison, the Group succeeded in reducing selling expenses by about 23% and administrative costs by 21%, but the decline of the operating profit could not be compensated through this.

Profitability ratios	2009/10	2008/09 unaudited
	in %	in %
Gross profit to revenues	18.7	22.1
Selling expenses to revenues	10.6	10.7
Administrative costs to revenues	10.1	10.0
Operating EBITDA margin <sup>1)</sup>	1.6	3.9
Operating EBIT margin <sup>1)</sup>	-2.4	-0.2

1) Adjusted for restructuring costs and non-recurring income

Negative operating results  
turned around to clearly  
positive earnings due to  
non-recurring income

Far-reaching cost reduction and restructuring measures enabled BRAIN FORCE to significantly cushion the absolute revenue decline of € 19.61 million. Operating EBITDA fell by 67% to € 1.15 million (prior year: € 3.44 million) and operating EBIT was down to € -1.65 million (prior year: € -0.21 million). Additional costs for restructuring measures in the past fiscal year totaled € 1.82 million (prior year: € 1.38 million), which could be more than compensated by the book gain of € 2.47 million derived from the sale of the Professional Services business in Austria and the realization of hidden reserves amounting to € 3.86 million in connection with the first-time at equity consolidation of SolveDirect Service Management GmbH, Vienna. Taking account of restructuring costs and non-recurring income, BRAIN FORCE achieved a positive EBITDA of € 5.66 million (prior year: € 2.05 million) and an EBIT of € 2.86 million (prior year: € -1.59 million).

Positive operating EBIT in  
Germany based on stable  
Professional Services and  
strongly improved sales of  
network performance  
hardware

In Germany, operating EBITDA declined by 62% to € 0.92 million, and operating EBIT fell from € 1.67 to 0.11 million. The Professional Services area also proved to be stable and sustainably profitable in the economic crisis, even if margins declined as a consequence of downward pressure on prices on the part of customers. In contrast, the Process Optimization area (formerly Business Solutions) was shaped by customer restraint with respect to investments in new software licenses, and only reported a slightly positive EBITDA. Hardware sales activities in the Network Performance business in the EMEA region,

above all with NetOptics products, developed positively in contrast to the overall cyclical trend, and made a clearly positive contribution to earnings. In the Infrastructure Optimization area a major project expired at the Frankfurt office, which could not be compensated on a short term basis by other contract orders. Therefore, it was necessary to implement staff cutbacks as a response to the resulting under-utilization of employees. Related restructuring costs amounted to € 0.65 million.

The Central East Europe region registered a decline in operating EBITDA by 47% to € 0.63 million, whereas operating EBIT rose from € 0.14 to 0.32 million. INISYS Software-Consulting Ges.m.b.H., acquired with purchase agreement effective February 25, 2010, reported a positive operating result and stable revenues, and was renamed BRAIN FORCE GmbH as of August 5, 2010. The BRAIN FORCE subsidiaries in the Czech Republic and Slovakia generated satisfactorily positive results as in the prior year.

In the South West Europe segment, the operating EBITDA of € 1.34 million was at the same level as in the prior year. In contrast, operating EBIT decreased slightly from € 0.55 to 0.47 million. The region profited from the early implementation of restructuring measures in Italy throughout the prior year, and thus succeeded in significantly cushioning the revenue drop of 13% with regard to earnings. Restructuring costs amounted to € 0.30 million in this segment, in particularly at the Swiss subsidiary.

In the Netherlands, the considerable drop in demand led to a reduction in operating EBITDA from € 0.91 to 0.02 million. Operating EBIT went into the red and totaled € -0.74 million (prior year: € 0.13 million). The number of employees had to be reduced by 29% or 23 people on the balance sheet date, leading to additional restructuring costs of € 0.87 million.

Positive earnings contribution of Inisys in Austria

Positive EBIT in South West Europe even after restructuring

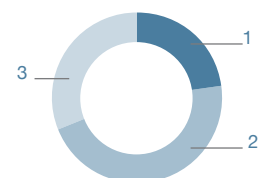
The Netherlands posts considerable revenue and earnings decline

Operating EBIT <sup>1)</sup> by region	2009/10	2008/09 unaudited	Change
	in € million	in € million	in %
Germany	0.11	1.43	-92
Central East Europe	0.32	0.14	>100
South West Europe	0.47	0.55	-14
Netherlands	-0.74	0.13	>100
Holding and Other	-1.81	-2.45	+26
<b>BRAIN FORCE Group</b>	<b>-1.65</b>	<b>-0.21</b>	<b>&gt;100</b>

1) Adjusted for restructuring costs and non-recurring income

The Process Optimization segment (formerly Business Solutions) accounted for € 15.91 million (prior year: € 23.51 million) or 23% of Group revenues in the 2009/10 fiscal year, whereas the Infrastructure Optimization area generated € 32.38 million (prior year: € 40.76 million) or 46% and the Professional Services segment accounted for € 21.30 million (prior year: € 24.93 million) or 31%. Prior-year revenues of the Professional Services segment included € 5.31 million in the period January 1 to September 30, 2009, which can be attributed to BRAIN FORCE SOFTWARE GmbH, Vienna. This company was deconsolidated as at December 31, 2009. The prior-year revenue figure for the Infrastructure Optimization segment included € 3.11 million in the period January 1 to September 30, 2009, which were generated by SolveDirect Service Management GmbH, Vienna. This company was deconsolidated effective January 1, 2010.

Revenues by business areas



1 Process Optimization 23%  
2 Infrastructure Optimization 46%  
3 Professional Services 31%

Income statement	2009/10	2008/09 unaudited	Change
	in € million	in € million	in %
Revenues	69.59	89.20	-22
Cost of sales	-56.58	-69.49	+19
<b>Gross profit</b>	<b>13.01</b>	<b>19.71</b>	<b>-34</b>
Selling expenses	-7.39	-9.54	+23
Administrative expenses	-7.03	-8.95	+21
Other operating expenses	-0.67	-1.65	+60
Other operating income	0.43	0.22	+90
<b>Operating EBIT</b>	<b>-1.65</b>	<b>-0.21</b>	<b>&gt;100</b>
Restructuring costs	-1.82	-1.38	-31
Non-recurring income	6.33	0	-
<b>Operating results after non-recurring items</b>	<b>2.86</b>	<b>-1.59</b>	<b>&gt;100</b>
Financial result	-0.72	-1.06	+32
Result from associates	-1.81	0	-
<b>Profit before tax</b>	<b>0.33</b>	<b>-2.65</b>	<b>&gt;100</b>
Income taxes	0.60	-2.81	>100
<b>Profit after tax</b>	<b>0.92</b>	<b>-5.46</b>	<b>&gt;100</b>
Results of discontinued operations	-0.13	-2.57	+95
Other results	0.00	-0.02	>100
<b>Total result for the period</b>	<b>0.79</b>	<b>-8.05</b>	<b>&gt;100</b>

Lower interest expenses due to cash pooling

The improvement of the financial result from € -1.06 to -0.72 million is primarily due to the expenses related to the write-down of the KEMP convertible bond in the prior year. In addition to reduced interest expenses, the launch of a cash pooling system also had a positive effect. The interest cover (ratio of EBITDA to net interest) was 1.6x in 2009/10 (prior year: 4.4x).

SolveDirect revenues and earnings exceed budget

Since the participation of the financial investor 3TS Cisco Growth Fund, the BRAIN FORCE subsidiary SolveDirect Service Management GmbH (81.4% stake as at September 30, 2010) has been concentrating on the expansion of its IT service management business in the USA. Accordingly, an American subsidiary was established and the number of employees increased from 35 to 62. In the past fiscal year, revenues rose 6% to € 5.25 million. EBITDA was negative due to the increase in total staff as well as expansion costs, but significantly better than planned.

Negative results from associated companies primarily due to dilution effect of SolveDirect

The result from associates totaled € -1.81 million, and can be attributed to SolveDirect Service Management GmbH. This includes a negative earnings contribution of € -0.66 for the fiscal year and € -1.15 million related to the dilution effect due to the participation of the investor within the context of two capital increases which were carried out.

Clearly positive turnaround of the Group net profit

The profit before tax reached € +0.33 million, compared to € -2.65 million in the prior year. The earnings after tax for continuing operations improved from € -5.46 to +0.92 million. The prior-year number included the write-off of capitalized tax loss carry-forwards amounting to € -2.90 million. The loss after tax of the discontinued operations was € -0.13 million (prior year: € -2.57 million). There was a turnaround in the total result for the period from € -8.05 to +0.79 million.

Slightly positive EPS at € 0.05

Earnings per share (EPS pursuant to IFRS) improved from € -0.31 to +0.05, of which € 0.06 per share relates to continuing operations and € -0.01 to discontinued operations. Earnings per share adjusted for restructuring costs, non-recurring income and the earnings of discontinued operations amounted to € -0.26 (prior year: € -0.11).

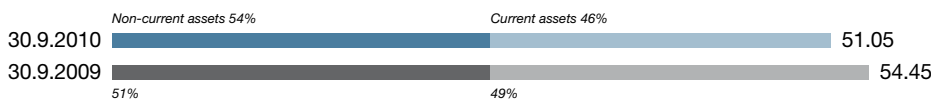
### Financial position

The balance sheet total declined 6% year-on-year to € 51.05 million. Significant changes have been reported for individual items on the balance sheet due to the change in the consolidation range i.e. the deconsolidation of BRAIN FORCE SOFTWARE GmbH, Vienna, and SolveDirect Service Management GmbH, Vienna, the initial consolidation of INISYS Software-Consulting Ges.m.b.H., Neulengbach, Austria, and the initial recognition of the shares held in the associated company SolveDirect at their fair value.

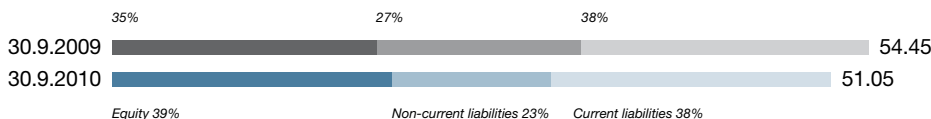
Reduction of the balance sheet total due to changes in the consolidation range

### Development of balance sheet structure in € million

#### Assets



#### Equity and liabilities



The share of non-current assets to total assets increased to 54% (prior-year: 51%) and amounted to € 27.82 million on the balance sheet date. Property, plant and equipment and other intangible assets fell by € 6.57 million due to the change in the consolidation range. Capital expenditure on property, plant and equipment and other intangible assets in the past fiscal year amounted to € 1.53 million, of which € 0.97 million related to development costs. At the reporting date of September 30, 2010, recognized development costs totaled € 2.41 million (prior year: € 2.92 million) and thus accounted for 5% (prior year: 5%) of total assets.

Non-current assets at the previous year's level, but relative increase due to lower balance sheet total

The decline in goodwill to the sum of € 3.52 million can be attributed to the loss of goodwill for SolveDirect of € 4.69 million and the addition of goodwill of € 1.16 million resulting from the acquisition of Inisys. Due to the change in the consolidation form for SolveDirect Service Management GmbH, the investments in associated companies rose to € 10.53 million, with SolveDirect accounting for € 10.52 million of this total.

Change in goodwill and result from associates due to strategic transactions

As at September 30, 2010, deferred tax assets totaled € 1.35 million (prior year: € 0.43 million). Of this increase, € 0.73 million can be attributed to the capitalization of deferred tax assets.

The following balance sheet ratios refer to the balance sheet date September 30, 2010 in comparison to September 30, 2009. Earnings figures are based on the period October 1, 2009 to September 30, 2010 and October 1, 2008 to September 30, 2009 (pro forma), adjusted in each case for the discontinued operation.

Pro forma presentation of earnings figures for 2008/09 to enable better comparability

Balance sheet ratios		30.9.2010	30.9.2009
Equity	in € million	20.11	19.31
Equity ratio	in %	39.4	35.5
Net debt	in € million	9.04	5.65
Gearing	in %	44.9	29.3
Working capital	in € million	3.30	2.83
Working capital to revenue	in %	4.7	3.1
Net debt / Operating EBITDA		7.9	1.6
Operating EBITDA / Net interest		1.6	4.4
FFO / Net debt <sup>1)</sup>	in %	5.7	12.3

1) FFO = Funds from Operations = Gross cash flow over the last 12 months



Reduction in trade receivables leads to decrease in the balance sheet total

Current assets declined by € 3.29 to 23.23 million, and amount to 46% (prior year: 49%) of total assets. The decline in absolute terms is due to the € 1.89 million reduction in trade receivables and the € 1.42 million decrease in cash and cash equivalents.

Cash and cash equivalents of over € 4 million as at September 30, 2010

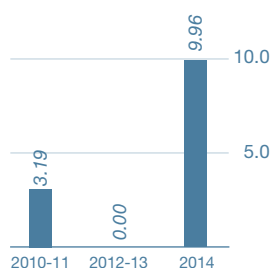
Cash and cash equivalents, including cash in hand and bank balances, declined by € 1.42 to 4.12 million, € 0.34 million of which relates to continuing operations and € 1.09 million to the discontinued operation. The change in cash and cash equivalents includes cash out for the sale of BRAIN FORCE SOFTWARE GmbH, Vienna, as well as the cash inflows from the increase of financial liabilities. Payments were made for the acquisition of INISYS Software-Consulting Ges.m.b.H., Neulengbach and for investments in property, plant and equipment and intangible assets.

Increase of equity ratio to 39%

As of September 30, 2010, the Group's equity amounts to € 20.11 million, representing an equity ratio of 39% (prior year: 35%). The significant increase is due to the positive total result for the period and the reduction in the balance sheet total.

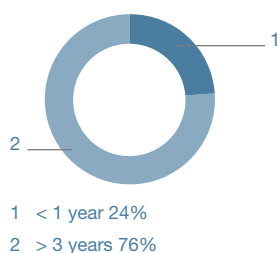
Term structure of financial liabilities

The interest bearing liabilities (financial liabilities) increased by € 1.96 to 13.15 million, € 9.96 million (prior year: € 10.88 million) of which relates to non-current financial liabilities. 77% of financial liabilities carry fixed interest rates and 23% variable interest rates. An analysis of the term structure shows that € 9.96 million of financial liabilities mature in 2014. The remaining € 3.19 million (current financial liabilities) include a loan of € 0.16 million with a short term to maturity and a utilized current overdraft facility of € 3.03 million.

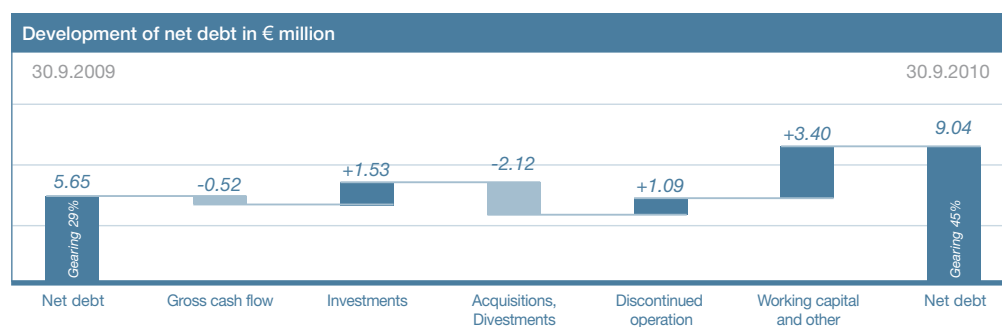


Calculation of net debt	30.9.2010	30.9.2009	Change
	in € million	in € million	in %
Non-current financial liabilities	9.96	10.88	-8
Current financial liabilities	3.19	0.31	>100
- Cash and cash equivalents	-4.12	-5.54	-26
<b>Net debt</b>	<b>9.04</b>	<b>5.65</b>	<b>+60</b>

Maturity of financial liabilities



As of September 30, 2010, net debt amounted to € 9.04 million, which is 60% above the prior year's figure of € 5.65 million. On the one hand, net debt increased as a result of the earnings decline related to the difficult economic environment. On the other hand, high restructuring costs had to be incurred as a consequence of the necessary staff cutbacks. The ratio of net debt to EBITDA during the last 12 months was 7.9x, compared to 1.6x in the prior year.



Reduction of other provisions due to use for the discontinued operation in Berlin

At the balance sheet date, other provisions amounted to € 0.45 million, as compared to € 2.05 million in the prior year. The reduction is largely due to the use of provisions to the sum of € 1.22 million for the discontinued operation. Other provisions continue to include provisions for expected costs related to the closing of the Berlin office (discontinued operation) of € 0.38 million. The remaining amount comprises € 0.07 million in provisions for restructuring and warranties. All other provisions are current.



## Cash flow

The following presentation of cash flow refers to the period October 1, 2009 to September 30, 2010 in comparison to October 1, 2008 to September 30, 2009 (pro forma), adjusted in each case for the discontinued operation.

The gross cash flow of continued operations in the past fiscal year was € +0.52 million, an increase of € 0.38 million from the comparable pro forma period 2008/09. The cash flow from operating activities of € -3.87 million was considerably lower than in the prior year, in which a cash flow of € 6.08 million was generated. Main reasons for the significant drop in the cash flow from operating activities were the reduction in provisions after payments for restructuring costs as well as the non-recurring effects generated in the previous year from the working capital optimization project. Working capital could be considerably reduced on the basis of the optimization of internal processes, in particular relating to project calculation, invoicing and debt collection. In the past 2009/10 fiscal year, these partially non-recurring effects from the prior year could not be repeated, as expected. On the balance sheet date of September 30, 2010, the total amount of trade receivables increased by € 1.15 million. In contrast, a reduction in trade receivables by € 8.89 million could be achieved in the prior year.

The cash flow from investing activities shows a total cash-in of € 0.59 million (prior year: € -1.16 million). This includes cash outflows for the acquisitions of companies amounting to € 1.11 million (prior year: € 0.14 million) as well as net cash inflows relating to the sale of BRAIN FORCE SOFTWARE GmbH, Vienna of € 3.31 million. Cash outflows for investments in property, plant and equipment and intangible assets amounted to € 1.53 million, a reduction by € 1.11 million from the prior-level level. The free cash flow (cash flow from operating activities less cash flow from investing activities plus payments for acquisitions of companies) was negative at € -2.17 million (prior year: € +5.06 million) due to the negative cash flow from operating activities. The cash flow from financing activities shows a cash inflow of € 2.94 million, whereas the prior year was marked by a reduction of financial liabilities to the amount of € 3.55 million.

The cash flow from continuing operations was burdened by high restructuring payments

Positive cash flow from investing activities due to sale of BRAIN FORCE SOFTWARE GmbH

Cash flow statement	2009/10	2008/09	Change
	in € million	in € million	in %
<b>Cash flow from operating activities</b>	<b>-3.87</b>	<b>6.08</b>	<b>&gt;100</b>
Investments in property, plant and equipment and intangibles	-1.53	-2.64	+42
Acquisition of subsidiaries	-1.11	-0.14	>100
Divestments and other	3.23	1.62	+99
<b>Cash flow from investing activities</b>	<b>0.59</b>	<b>-1.16</b>	<b>&gt;100</b>
Acquisitions	+1.11	+0.14	>100
<b>Free cash flow</b>	<b>-2.17</b>	<b>5.06</b>	<b>&gt;100</b>

## Development of Segments

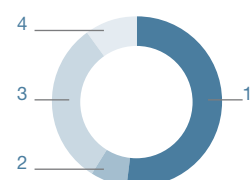
The business activities of BRAIN FORCE are divided into the following segments respectively regions in line with the stipulations contained in IFRS 8 (Management Approach):

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

### Germany

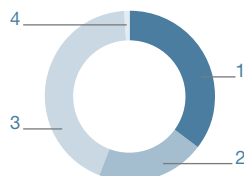
In Germany, revenues were down 15% in the 2009/10 fiscal year to € 35.91 million, contributing 52% or the largest share of total Group revenues. Operating EBITDA before restructuring costs declined by 62% to € 0.92 million, and operating EBIT fell 92% to € 0.11 million. The operating results do not include non-recurring restructuring costs of € 0.65 million, which can be attributed to dismissal cost related to the necessary staff cutbacks in the Infrastructure Optimization segment at the Frankfurt office.

Revenues by region



- 1 Germany 52%
- 2 Central East Europe 7%
- 3 South West Europe 31%
- 4 Netherlands 10%

#### Operating EBITDA by region



- 1 Germany 31%
- 2 Central East Europe 22%
- 3 South West Europe 46%
- 4 Netherlands 1%

New customer acquisition remained difficult, Network Performance Hardware significantly increases revenues and earnings

Revenue decline due to refocusing of business activities in Austria

Sale of the Professional Services business in Austria, participation of an investor in SolveDirect and acquisition of Inisys

Restrained demand in the Process Optimization area

Realization of various projects

Operating EBITDA at the prior-year level despite the drop in revenues

In the **Professional Services** area, demand developed very positively following a difficult start. This led to an 8% increase in productive IT consultants during the reporting period. As a result, the unit came close to reaching its revenue targets. The strategic cooperation with Microsoft could be intensified in the course of the year. BRAIN FORCE has been designated a “Preferred Vendor” and is by now one of only 27 service providers in Germany from which Microsoft draws upon experts to carry out its projects.

Overall demand for products and services in the **Process Optimization** area in Germany has not recovered due to the ongoing difficult economic conditions in the banking and insurance industries. For this reason, short time working was further extended. Nevertheless, in addition to follow-up contracts from existing customers, several new customers were acquired, for example to install a CRM solution and implement a building society consulting solution. The BRAIN FORCE Fördercenter module (public subsidies overview) was recently completed and has already been implemented. However, the reduction of the annual order volume of a longstanding large customer in the insurance business had a negative impact on revenues.

New customer acquisition in the **Infrastructure Optimization** area remained difficult. The Microsoft certification as a Services Ready Partner in the field of desktop optimization for Windows and Office products demonstrates that the company is proficient in the most advanced technologies and has repeatedly and successfully proven its capabilities. In the course of the year, BRAIN FORCE advised various companies on the future orientation of their IT infrastructure as well as their service management processes. A rollout project expired in the Infrastructure Optimization segment, resulting in the under-utilization of our IT consultants. As a consequence of the significant decline in revenues from our largest customers, the Frankfurt office had to make a downward adjustment in the number of employees, which in turn led to an earnings improvement in subsequent months. The sale of Network Performance Hardware in Frankfurt developed very successfully, and thus posted considerably higher revenues and earnings. Amongst other reasons, this can be attributed to increased demand from Middle Eastern companies.

#### Central East Europe

During the period under review, the Central East Europe region reported revenues of € 5.34 million, a decrease of 59% from the prior-year level and equaling a share of 7% of Group revenues. Operating EBITDA amounted to € 0.63 million, down 47% from the prior year. The revenue and EBITDA decline can be attributed to the transactions described below. In contrast, operating EBIT more than doubled, from € 0.14 to 0.32 million.

Activities of the BRAIN FORCE Group in Austria were shaped by three strategic transactions: the sale of the Professional Services business in Austria, the participation of an investor in Solve-Direct to finance its expansion in the USA, and the acquisition of Inisys, an ERP specialist for Microsoft Dynamics solutions in Austria. As a result, BRAIN FORCE has strengthened its Process Optimization area and is positioned in Austria as the specialist for the ERP software solutions Microsoft Dynamics NAV and AX as well as Microsoft CRM. The company was renamed BRAIN FORCE GmbH in the fourth quarter.

The operating business in Austria (Process Optimization area) was characterized by restrained demand, in particular with respect to the implementation of new software licenses. New customer acquisition turned out to be difficult, whereas the business with existing customers remained largely stable.

In the Czech Republic, adjustments to our Jupiter system were made for several customers, and the core banking module Rebecca was extended to incorporate the Microsoft data base platform. A large contract was also signed to develop a Web-based application.

#### South West Europe

Revenues generated by the South West Europe region in the 2009/10 fiscal year totaled € 21.48 million, a drop of 13% from the prior year and equaling a share of 31% of total Group revenues. Operating EBITDA remained the same at € 1.34 million, whereas operating EBIT fell by 14% to € 0.47 million. In addition, non-recurring restructuring costs of € 0.30 million were incurred in this region.

There was a perceptible reluctance on the part of customers in Italy to initiate new IT investments in the Process Optimization area. Most of the license sales were related to the ERP solution Microsoft Dynamics NAV. Customers included companies in the manufacturing, food and health industries. Furthermore, several implementations were carried out with the partner products IBM Cognos, Microsoft Dynamics CRM and Sharepoint.

Investment restraint of costumers in the Process Optimization area

In the Infrastructure Optimization area, we launched EMC products for storage and backup on behalf of different companies. Additional projects were realized in connection with the system management solutions SCCM from Microsoft and Altiris from Symantec, as well as in the server and virtualization environment on the basis of VMware technology. BRAIN FORCE Italy succeeded in strengthening its good position in the banking sector, launching a new service desk for the Italian subsidiary of a large Swiss bank and implementing a trading platform for one of the biggest Italian financial institutions.

Stable development in the Infrastructure Optimization area

### Netherlands

BRAIN FORCE generated revenues of € 6.86 million in the Netherlands, a drop of 24% from the prior year. The Netherlands accounted for 10% of Group revenues. Operating EBITDA was down 98% to € 0.02 million, whereas operating EBIT amounted to € -0.74 million. The additional restructuring costs of € -0.87 million can be attributed to the necessary downsizing of staff numbers and the related dismissal cost. On balance, the workforce in the Netherlands was trimmed by 23 employees (-29%).

Adjustment of the Dutch organization to the reduced project volume

The decrease in licensing proceeds as well as the significantly lower order volume by a large public sector customer had a strongly negative impact on the business results of the Dutch subsidiary. Nevertheless, numerous projects were realized to install the most up-to-date Microsoft client and server technologies such as Windows 7, Office 2010, SCCM/SCVMM, App-V, Server 2008 Hyper-V and Exchange 2010. Packaging Robot and Application Manager, both products developed by BRAIN FORCE, were also part of the implementations. BRAIN FORCE Netherlands provided packaging services for various other projects and managed roll-out projects. Customers were frequently from the public and health care sectors.

Numerous projects to implement state-of-the-art Microsoft technologies

The Microsoft certification as a Services Ready Partner in the field of desktop optimization for Windows and Office products demonstrates that our subsidiary in the Netherlands is proficient in implementing state-of-the-art technologies and has repeatedly and successfully proven its capabilities. Accordingly, BRAIN FORCE B.V. has expanded its service portfolio, and can therefore generate high-value project business from its customers.

Microsoft Services Ready certification

### Holding and Other

Operating EBITDA of the Holding and Other segment improved from € -2.38 to -1.76 million, and operating EBIT was up from € -2.45 to -1.81 million. This improvement resulted from strict cost reduction measures and a further cut in the number of employees working at the holding company. The segment achieved an EBIT of € 4.51 million, including the book gain realized from the sale of BRAIN FORCE SOFTWARE GmbH, Austria, and the realization of hidden reserves of SolveDirect.

Operating EBIT significantly improved due to cost reductions, positive earnings achieved

## Research and Development

The decisive factor underlying the sustainable success of BRAIN FORCE is the ability to offer the optimal combination of software and services for the benefit of our customers. For this reason, we are continually adapting our portfolio of products and services in the fields of Process and Infrastructure Optimization to customer requirements. However, BRAIN FORCE had to adjust its research and development work during the economic crisis to reflect the reduction in revenues. In the past fiscal year, BRAIN FORCE invested a total of € 0.97 million in the development of its own software products.

R&D expenditures reduced in the Process and Infrastructure Optimization areas

In Germany, we aligned BRAIN FORCE CRM to the requirements of medium-sized banks, and subsequently successfully launched it on the marketplace. The development of the new FINAS module BRAIN FORCE Fördercenter was completed, providing a comprehensible overview of all public subsidies and

Further development of BRAIN FORCE CRM, new FINAS module Fördercenter

enabling consultants to offer customers tax-optimized pension plans. In addition, within the context of periodic maintenance and updating, adjustments were made to other FINAS modules to reflect current legal regulations. Moreover, development work began on a new prototype for new operational concepts based on touch technology, designed to take into consideration the strongly expanded use of smart phones.

BRAIN FORCE certified as a Microsoft Services Ready Partner, Packaging Robot 3.0 available

In the Netherlands, BRAIN FORCE Infrastructure Framework was upgraded to integrate the latest Microsoft technologies, i.e. Windows 7, Windows Server 2008 R2, System Center Suite, Remote Desktop and Exchange. Furthermore, the products BRAIN FORCE ID-Suite and Workspace Manager were both updated as part of regular maintenance work. The development of Packaging Robot 3.0 was concluded in the past fiscal year and the packaging software was successfully launched on the market. As a result, we hope to generate increased demand for our packaging services in the future.

Controlling module converted to .NET technology and expanded to include financial planning functionalities

The Austrian company migrated its controlling module based on Microsoft Dynamics to the latest .NET technology and upgraded it to include financial planning functionalities. The new planning rules enable extremely quick cash flow planning on the basis of cost account and investment planning. At the same time, we are continuing work on the development of Addons Fibu+ for Microsoft Dynamics NAV.

SD.dialog for effective knowledge management and accelerated service processes

SolveDirect expanded its module SD.dialog to include an encyclopedia, so-called Wikis, to ensure effective knowledge management. In addition, the instant messaging tool Skype was integrated, thus completing the product initiative "Web 2.0" for accelerated service processes. The functional group SD.calendar designed in cooperation with a customer group created an optimized calendar module to plan service assignments. The new functions were released with the SolveDirect Version 5.5.

## Human Resources

Employees are the human capital of BRAIN FORCE

Employees are the human capital of BRAIN FORCE and a decisive factor underlying its success. Their expertise and commitment enables the company to develop further and achieve its goals.

Staff reductions due to necessary restructuring

Due to the challenging market environment and the further revenue decline, particularly in the Infrastructure Optimization business area in Germany and the Netherlands, the management was forced to make downward adjustments to its total number of staff. We worked to cushion hardship cases by carrying out negotiations with local works councils. As per September 30, 2010 the total number of employees was down by 18% compared to staff numbers as at September 30, 2009, adjusted to take account of the sale and subsequent deconsolidation of BRAIN FORCE SOFTWARE GmbH, Austria, as well as SolveDirect Service Management GmbH which is now consolidated at equity and the acquisition of Inisys.

Staff numbers had to be adjusted in the last two years to reflect the significant revenue decline

In comparison to December 31, 20008, before BRAIN FORCE was negatively impacted by the economic crisis, personnel cutbacks totaled 29%. Since then, the Netherlands have been most negatively affected, with the number of employees down 37%. The number of employees was also cut by 30% in Germany, our largest market, based on dismissals and short-time working. The Central East Europe region trimmed its work force by 29% since the end of 2008 (adjusted for strategic transactions), whereas the staff in the Holding and Other segment was reduced by 22%.

713 people employed on the balance sheet date

The staff of the BRAIN FORCE Group was comprised of 496 salaried employees as at September 30, 2010. In addition, 217 people were deployed on a free-lance basis to work on various customer projects. All in all, a total of 713 employees were working for BRAIN FORCE at the balance sheet date, a drop of 27% from the comparable figure at December 30, 2009.

The breakdown of staff (salaried and subcontractors) by region as at September 30, 2010 is as follows:

- ▶ Germany: 338 (previous year: 422 / chg.: -20%)
- ▶ Central East Europe: 27 (previous year: 144 / chg.: -82%)
- ▶ South West Europe: 285 (previous year: 324 / chg.: -12%)
- ▶ Netherlands: 55 (previous year: 78 / chg.: -29%)
- ▶ Holding and Other: 8 (previous year: 10 / chg.: -22%)

On average, the staff of BRAIN FORCE was comprised of 553 salaried employees in the 2009/10 fiscal year (1-9/09: 761) and 226 people on a freelance basis (1-9/09: 265). The total average number of employees in the BRAIN FORCE Group amounted to 779, a decline of 24% from the short fiscal year 2009.

The ongoing specialized training, further education and professional development of our employees is essential in order to effectively deal with the continuing changes and innovations in the fast-moving IT sector. This training starts with the IT consultants and is also provided to administrative and sales staff. Employees in the Netherlands take part in regular training programs focusing on the latest product developments of Microsoft, VMWare and Citrix. As a result, they boast a technological edge and are among the first people to be contacted, for example in launching new technologies in the field of desktop virtualization. Employees in Italy are trained and certified in the latest technologies developed by Microsoft Dynamics, Oracle, Symantec and Cisco. In Germany, employees take advantage of the opportunity to exchange ideas and expertise on an ongoing basis within the context of meetings and employee events. The International Services Ready partnership with Microsoft provides employees of the national subsidiaries with access to trainings and extensive knowledge data bases.

## Order Intake

As of September 30, 2010, the order volume at the Group level amounted to € 16.04 million, down 32% over the prior year's level of € 23.43 million. Adjusted for the loss of contracts attributable to the divested company BRAIN FORCE SOFTWARE GmbH, Austria, for SolveDirect Service Management GmbH, which is now consolidated at equity and the shutdown of the Berlin office, the order volume of the BRAIN FORCE Group was down by 12% at the balance sheet date. This downward trend is primarily due to the lower volume of incoming orders in the Infrastructure Optimization business area in the Netherlands and Germany. In contrast, the development in other segments was largely stable and partially positive. The order volume was stable compared to June 30, 2010.

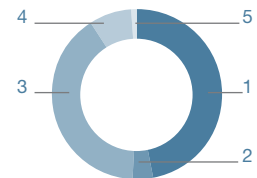
At the balance sheet date of September 30, 2010, the order volumes are attributable to the segments as follows:

- ▶ Germany accounts for orders of € 11.81 million (Sept. 30, 2009: € 13.01 million)
- ▶ Central East Europe has orders on hand totaling € 0.35 million (Sept. 30, 2009: € 5.37 million/adjusted figure for Sept. 30, 2009: € 0.20 million)
- ▶ South West Europe accounts for orders of € 3.00 million (Sept. 30, 2009: € 2.79 million)
- ▶ The order intake in the Netherlands amounts to € 0.88 million (Sept. 30, 2009: € 2.26 million)

## Outlook and Targets

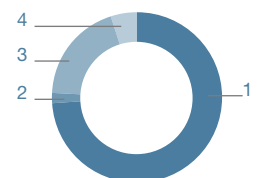
In its initial budgeting for the 2009/10 fiscal year, BRAIN FORCE HOLDING AG set a goal of achieving revenues of more than € 80 million as well as positive operating results. However, the first months of the fiscal year pointed to a further need for restructuring in the Infrastructure Optimization area in Frankfurt and the Netherlands, which was determinedly carried out. The related restructuring costs and the operating losses posted by these business units could be more than compensated by two strategic transactions. On the one hand, the sale of the Professional Services business in Austria resulted in a book gain of € 2.47 million. On the other hand, we realized hidden reserves amounting to € 3.86 million due to the participation of a financial investor in our subsidiary SolveDirect. These positive effects led to an EBIT of € 2.86 million and a net profit

Employees by region



- 1 Germany 47%
- 2 Central East Europe 4%
- 3 South West Europe 40%
- 4 Netherlands 8%
- 5 Holding and Other 1%

Order intake by segments



- 1 Germany 74%
- 2 Central East Europe 2%
- 3 South West Europe 19%
- 4 Netherlands 5%

Earnings target achieved due to book gains from strategic transactions in spite of operating loss and restructuring costs

for the period of € 0.79 million despite restructuring costs of € 1.82 million and an operating loss of € 1.65 million. The revenue target of € 80 million could only not be reached as the result of the sale and consolidation change of two important subsidiaries. Adjusted for these effects, BRAIN FORCE actually exceeded its original revenue target.

Adjustment of cost structures to considerably lower revenues

Within the context of the comprehensive restructuring and cost cutting implemented over the last two years, the management of the BRAIN FORCE Group adjusted cost structures to the significantly lower revenues. Accordingly, we have reduced the total number of staff by approximately 200 salaried employees (or about 30% of the total workforce), resulting in annual savings of more than € 10 million in personnel expenses. Additional cost reductions were realized on the basis of short time working in Germany as well as a downward adjustment in the number of free-lance employees and all other cost items.

Revenue growth and positive operating results defined as targets for 2010/11

Since September, there has been a significant increase in the sales pipeline in the Netherlands, in the ERP business in Austria and above all in the fields of Infrastructure Optimization, Process Optimization and Network Performance Hardware in Germany. The emerging economic recovery in our largest market of Germany should lead to a corresponding recovery in demand and revenue growth for BRAIN FORCE. Accordingly BRAIN FORCE aims to generate positive operating results in the new 2010/11 fiscal year.

## Risk Management

Group-wide risk management process focusing on the top 10 risks

The BRAIN FORCE Group is subject to various risks within the context of its international business operations. For the BRAIN FORCE Group, an effective risk management represents a crucial factor for the sustainable preservation of corporate success and the achievement of the business targets designed to create and enhance shareholder value. Accordingly, risk is not only the negative deviation from corporate goals, but also the failure to realize potential profits. BRAIN FORCE strengthened its risk management in 2008 and initiated a centrally managed Group-wide risk management system. The implementation of this process was completed in 2009 with the launch of a Group-wide Risk Management Guideline. Since then, risks in the Group have been regularly and systematically identified in order to evaluate their probability of occurrence and potential damage, as well as to implement suitable countermeasures to manage risk. BRAIN FORCE focuses its efforts on the top 10 risks facing the Group. The annual risk assessment is updated within the context of the budgeting process.

Local responsibility but centralized risk management

In line with the decentralized structure of the BRAIN FORCE Group, the local business units are responsible for managing operational risks. However, the level of compliance with risk management processes is monitored on the level of the holding company, which also prepares a Group-wide risk report. The relevant events are reported to the entire Management Board and subsequently to the Supervisory Board.

Reporting is the most important instrument to monitor risk

The planning and controlling processes, Group-wide guidelines, ongoing reporting and the monthly rolling forecasting comprise the most important instruments of risk monitoring and control. Reporting plays a particularly important role in the monitoring and control of current business risks. Each year, the auditors of the consolidated financial statements also evaluate in the course of the annual audit the proper functioning of risk management processes in the Group and present their conclusions to the Management and Supervisory Boards.

Only operational risks are taken

As a contribution to risk prevention and management, the local business units only intentionally take operational risks where necessary, and always in relation to the potential profits. In particular, it is absolutely forbidden to engage in any speculative activities above and beyond the scope of normal business operations. Risks that go beyond the scope of everyday business, such as financial risks, are also monitored by the holding company, and hedged if necessary.

No existence-threatening risks at present

From today's perspective, the Group has no single existence-threatening risk with any appreciable probability of occurrence. The assessment of all top 10 risks together accounts for less than 15% of total equity. The relevant risks and the pre-defined countermeasures are described below.



## Financial risks

The primary financial risks are insufficient liquidity and financing. Ensuring sufficient liquidity is a top priority for BRAIN FORCE as for every other company, especially in periods of tense financial markets. BRAIN FORCE counters this risk by maximizing the free cash flow on the basis of cost reductions, active working capital management and a minimization of investment expenditures. Moreover, cost structures were adjusted over the last two years to reflect the decline in revenue, the “order to cash” and “purchase to pay” processes were optimized and the level of own work capitalized was reduced. In addition to these measures, BRAIN FORCE signed a group-wide credit insurance policy in 2009 in order to make allowance for the expected increase in credit risk and create a basis for factoring.

Liquidity risk is monitored by ongoing financial planning on the level of the local business units, and also by the Group holding company. In 2009, a cash pool was established encompassing the three most important operating companies Germany, Italy and the Netherlands.

The financing of the BRAIN FORCE Group is based on a solid balance sheet structure and an equity ratio of 39% as at September 30, 2010. The level of cash and cash equivalents declined as a result of the operating loss, payments for restructuring measures and the acquisition of an Austrian ERP service company. This was in contrast to proceeds derived from the sale of BRAIN FORCE SOFTWARE GmbH, Austria. Free liquidity decreased in recent months due to the negative free cash flow and the discontinuation of two lines of credit made available by banks. Cash and cash equivalents on September 30, 2010 amounted to about € 4.1 million (September 30, 2009: € 5.5 million).

The refinancing options of BRAIN FORCE are impacted by numerous financial, economic and other influencing factors which are not subject to the influence of the Management Board of BRAIN FORCE HOLDING AG. These determining factors include credit conditions (covenants) in current and future financing agreements as well as credit ratings.

In 2007, BRAIN FORCE took out a long-term bullet loan amounting to € 10 million featuring a term to maturity ending March 20, 2014. In return, it was necessary to agree to a credit rating of the Group financial statements by Moody's KMV RiskCalc. In line with this system, every creditor is entitled to terminate the agreement if the credit rating deteriorates by more than three levels within one year, provided this cancellation is appropriate in the light of overall economic conditions. Furthermore, a deterioration of the credit rating under Ba3 also entitles each creditor to terminate the agreement. The overdraft facility with Erste Bank is based on an equity ratio of over 30%. The stipulated covenants are being continually monitored by BRAIN FORCE and simulated on the basis of all strategic considerations. Non-adherence to covenants could lead to an increased interest expense related to higher risk premiums or early payment of outstanding loans.

It was not necessary to carry out a write-off of the goodwills of the BRAIN FORCE Group in the 2009/10 fiscal year.

Because of the fact that the BRAIN FORCE Group operates mainly in the Eurozone, **currency risk** is not considered material at the current time. However, within the framework of the planned expansion of business ties to customers in the USD area, the holding company will closely monitor the EUR/USD exchange rate risk and take appropriate hedging measures if required.

The **interest rate risk** is the risk related to changes in the value of financial instruments as a consequence of a change in the market interest rates. At the balance sheet date, financial liabilities of the BRAIN FORCE Group totaling € 13.2 million were comprised of 77% fixed-interest components and 23% at variable interest rates. The investments of liquid funds is carried out within the framework of a cash pool and managed by corporate treasury.

Maximization of free cash flow based on cost reductions, active working capital management and minimization of investments

Ongoing financial planning to monitor liquidity risk

Decrease in cash and cash equivalents due to operating loss, payments for restructuring measures and acquisition of a company

Credit agreements contain covenant and rating criteria

Fulfillment of all covenant and rating criteria

Currency risk plays a minor role at present

Interest rate risk managed by the corporate treasury



Credit insurance policy signed to reduce default risk

The **credit risk** encompasses in particular default risk, i.e. the danger that a contractual party will not be able to fulfill its obligations and thus default on payment of a trade receivable. Despite a broad customer base in the Group, the operating subsidiaries of the BRAIN FORCE Group display in part a significant level of dependence on large individual customers. The creditworthiness of customers is continually examined within the framework of risk management activities. In order to be able to minimize the potential default on trade receivables, the BRAIN FORCE Group is working to further expand its customer base and thus reduce its dependency on any individual customers. At the same time, we signed a credit insurance policy as of September 1, 2009, thus further limiting the potential default risk. The losses and value adjustments on trade receivables amounted to approximately 1% of the overall total on the balance sheet date of September 30, 2010.

Equity ratio of 39% on the balance sheet date

On the one hand, objectives of the BRAIN FORCE Group with respect to managing **capital risk** include ensuring the continued existence of the company, continue providing returns on investment for shareholders and making available to all other stakeholders the services to which they are entitled. On the other hand, BRAIN FORCE aims to maintain an optimal capital structure to reduce the cost of capital. At present, BRAIN FORCE is not required to fulfill any capital requirements stipulated in its Articles of Associations. The equity ratio was 39% (previous year: 35%) at the reporting date.

Focus on core competencies and profitable business areas

#### Market and competitive risk

The BRAIN FORCE Group operates in a highly competitive environment. In addition, software and IT services are subject to cyclical fluctuations. These factors are taken into consideration by focusing on the Group's core competencies and profitable business areas, and by the targeted development of new technologies and penetration of new markets. A surplus supply of IT consultants can lead to price pressure and uncovered costs. A decrease in market demand can lead to the under-utilization of IT specialists employed by the Group. In the case of a long-term economic downturn, the Group will have to take appropriate measures such as short-time working and downsizing of its workforce. The termination of employment contracts is partially accompanied by high dismissal cost and can thus negatively impact the balance sheet or profitability of the Group.

Employee retention promoted by trainings and performance-based remuneration

Highly qualified specialists and executives are an important success factor in our branch. We offer attractive, performance-based remuneration schemes and professional development programs and trainings to lure and retain top notch employees.

Comprehensive project controlling and insurance policies concluded to minimize potential liability risks

#### Legal risks

Ongoing project controlling aims at minimizing potential liability risks from project work. Depending on the size and risk potential of the project, a risk and change management system is installed to support project execution. A legal review of all important contracts is mandatory. Insurance policies have been concluded to protect against specific liability risks and damage claims. The policy size is being continually assessed and oriented to the economic relation of the maximum possible risk and the insurance fees.

Provisions made in the balance sheet as at September 30, 2009 for risks arising from the closing of the Berlin office proved to be sufficient.

Decisions made on the basis of internal and external consultations

The decision-making process of the BRAIN FORCE management is based on internal and external consultations designed to effectively manage and counteract risks relating to the diverse range of tax and legal regulations. The consistent compliance with rules and the evaluation of how employees deal with risks are among the fundamental responsibilities of all managers in the company.

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

The responsibility for the setting up and configuration of an internal control and risk management system capable of meeting the needs of accounting procedures and of assuring compliance with legal requirements rests with the Management Board. The BRAIN FORCE Group's accounting department forms part of BRAIN FORCE HOLDING AG. The department is comprised of the organizational units Accountancy Countries & Group Consolidation, which is responsible for reporting to outside parties, and Financial Controlling, which handles reporting within the Group. Both units report directly to the Chief Financial Officer.

Responsibility for the internal control and risk management system is assumed by the Management Board

The foundations of the processes underlying Group accounting and reporting procedures are laid down in the Accounting Manual published and updated on a regular basis by BRAIN FORCE HOLDING. The manual contains the IFRS-based accounting and reporting requirements as applied in the Group. These requirements especially apply to the accounting of and reporting on non-current assets, trade receivables, accruals and deferrals, financial instruments, provisions and the translation of deferred tax assets and liabilities.

Accounting manual regulates reporting requirements pursuant to IFRS

The nature of the business conducted by the Group make the requirements pertaining to the realization of revenues and the recording of project invoices of primary importance. Such processes are carried out largely automatically in all BRAIN FORCE subsidiaries. Group headquarters undertake assessments of goodwill and of groups of assets assigned to individual business segments on a regular basis. The adherence to the respective requirements is assured through regular reviews carried out at management meetings and, whenever necessary, through securing the participation of a central department.

Compliance to guideline is verified on a regular basis

The entering, recording and accounting of all Group transactions is handled by a variety of software solutions. In a number of countries, the sizes of the subsidiaries have caused accounting to be outsourced to locally-based tax accountants. Companies submit Reporting Packages on a quarterly basis containing all accounting data pertaining to the income statement, balance sheet and cash flow statement. This data is then transferred into the central consolidation system. In cases in which Group companies use the same system as their corporate parent, the transferring of data occurs automatically. Manual recording is required for subsidiaries using other systems. This financial information is verified on the group-wide basis by the central Accountancy Countries & Group Consolidation department. The information forms the basis of the reports issued on a quarterly basis by the BRAIN FORCE Group pursuant to IFRS.

Largely automated transfer of data for consolidation

No separate internal audit department has been set up in the light of the company's size. However, the internal control and reporting system has been configured to enable the Management Board to rapidly identify and respond to risks.

No internal audit department

A standard planning and reporting system is used for the internal management reporting. Automatic interfaces have been created to transfer actual data from the primary system. A standardized process is employed to enter the figures comprising forecasts. Reports are structured according to region, to the particular subsidiary and to the Process Optimization, Infrastructure Optimization and Professional Services business areas. These reports include the development of operating results during the preceding month as well as a rolling forecast for the next three months. These reports feature summaries of the most important results as well as divergences from values contained in budgets, achieved in the same period in the prior year, and predicted in the preceding forecasts. Also included, if need be, are updated valuations of individual risks.

Fully-developed reporting system featuring rolling 3 months forecasts

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

Securing of regular and comprehensive information provided to the Supervisory Board

## Disclosure 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 knows, the following had a direct or indirect stake of at least 10% in the share capital of BRAIN FORCE as at September 30, 2010:  
BEKO HOLDING AG: 54.65%  
ABAG Aktienmarkt Beteiligungs AG: 16.97%
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 the members of the Management and Supervisory Boards.
7. Opportunities to issue or buy back shares:
  - a) Pursuant to the resolution approved by the Annual General Meeting on May 11, 2006, the Management Board is authorized, within five years after the corresponding amendment to the company's Articles of Association has been entered into the Commercial Registry to increase the company's share capital by up to EUR 7,693,371. This is to occur through the issuing, in one or more tranches, of up to 7,693,371 common bearer shares. Payment for such is to take the form of cash or contribution in kind. This authorization extends to the decision as to whether or not to exclude shareholders' subscription rights in cases in which payment has occurred in cash and/or contribution in kind, or in which the shares issues are granted to employees of the company or affiliated companies. The Management Board is also authorized to determine the amounts and conditions of issue with the formal consent of the Supervisory Board. In addition, the Supervisory Board is authorized to resolve upon amendments to the Articles of Association necessitated by the issuing of shares from the authorized capital.
  - b) Pursuant to the resolution approved by the Annual General Meeting on May 14, 2009, the Management Board is authorized to acquire treasury stock, with the percentage of the share capital of the stock to be acquired to be limited to 10%, and the authorization applying to a period of 30 months as of the date of the resolution being adopted. The counter value (basis price) per no par value share to be acquired may not undershoot or overshoot the market price by more than 20%. The decisive market price shall be deemed the average value of the closing prices for the shares of the respective securities within the last 5 trading days prior to the acquisition of the shares.
8. With the exception of the information provided in point 9 of this disclosure, any agreements on the part of the company which would take effect, change or no longer 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 hostile takeover of the company in accordance with the Austrian Takeover Act, a contractual agreement has been concluded with the Management Board members Günter Pridt and Thomas Melzer that each of them has the right, within a period of two months after the takeover legally takes effect, to unilaterally and immediately resign his position in the company and immediately terminate the management contract without the necessity of having to provide any advance notice. If the Management Board member exercises this right, the company is only required to pay the fixed basic salary to which the Management Board member is entitled until the contractually stipulated end of his employment contract. In this case, a single lump sum would be paid as a severance payment within a period of four weeks after the resignation of the Management Board member. In the case of a "change of control", it was contractually agreed upon with the Management Board member Michael Hofer, that HOFER Management GmbH has the right to terminate the transfer agreement, it has concluded with BRAIN FORCE HOLDING AG and the accession of Mr. Michael Hofer, unilaterally under preservation off all rights. This more advantageous termination right must be exercised no later than the time 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 CROSS Industries 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.

# Consolidated Financial Report

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Statement of Comprehensive Income in EUR	Note	1.10.2009 - 30.9.2010	1.1. - 30.9.2009
<b>Continuing operations</b>			
Revenues	1	69,589,385	61,689,964
Cost of sales	2	-56,584,695	-49,321,249
<b>Gross profit</b>		<b>13,004,690</b>	<b>12,368,715</b>
Selling expenses	2	-7,390,425	-6,704,514
Administrative expenses	2	-7,025,554	-6,555,618
Other operating expenses	2	-665,112	-786,841
Other operating income	3	427,133	175,945
<b>Operating profit/loss before restructuring items (Operating EBIT)</b>		<b>-1,649,268</b>	<b>-1,502,313</b>
Restructuring costs	4	-1,815,519	-1,383,523
Non-recurring income	4	6,325,381	0
<b>Operating profit/loss after non-recurring items (EBIT)</b>		<b>2,860,594</b>	<b>-2,885,836</b>
Financial income	7	14,622	367,876
Financial expenses	7	-736,659	-627,678
<b>Financial result</b>	<b>7</b>	<b>-722,037</b>	<b>-259,802</b>
Result from associates	17	-1,811,806	-1,657
<b>Profit/loss before tax</b>		<b>326,751</b>	<b>-3,147,295</b>
Income taxes	8	597,408	740,669
<b>Loss after tax from continuing operations</b>		<b>924,159</b>	<b>-2,406,626</b>
Loss after tax from discontinued operation	34	-132,887	-2,427,881
<b>Profit/loss after tax</b>		<b>791,272</b>	<b>-4,834,507</b>
Changes in fair values of available-for-sale financial assets	24	-3,589	10,248
Currency translation differences	24	7,028	-10,005
Other result		3,439	243
<b>Comprehensive income / loss</b>		<b>794,711</b>	<b>-4,834,264</b>
<b>Earnings per share <sup>1)</sup></b>	<b>37</b>	<b>0,05</b>	<b>-0,31</b>
Earnings per share – adjusted <sup>2)</sup>		-0,26	-0,11
Earnings per share from continuing operations		0,06	-0,15
Earnings per share from discontinued operation		-0,01	-0,16

1) Results are attributable exclusively to the equity holders of the parent company

2) Adjusted for restructuring costs and non-recurring income and loss from discontinued operation

Key ratios by segment 2009/10 in EUR	Germany	Central East Europe	South West Europe	Netherlands	Holding and Others	Group
Revenues (consolidated)	35,911,458	5,340,112	21,476,043	6,861,772	0	<b>69,589,385</b>
EBITDA	272,904	632,431	1,035,865	-852,087	4,567,406	<b>5,656,519</b>
Operating EBITDA <sup>1)</sup>	917,904	632,431	1,336,384	17,913	-1,757,975	<b>1,146,657</b>
Depreciation and amortization	-804,590	-309,940	-864,864	-762,626	-53,904	<b>-2,795,924</b>
Operating EBIT <sup>1)</sup>	113,314	322,490	471,520	-744,713	-1,811,878	<b>-1,649,268</b>
Non-recurring expenses / income	-645,000	0	-300,519	-870,000	6,325,381	<b>4,509,862</b>
EBIT	-531,686	322,490	171,001	-1,614,713	4,513,503	<b>2,860,594</b>

Key ratios by segment 1-9/2009 in EUR	Germany	Central East Europe	South West Europe	Netherlands	Holding and Others	Group
Revenues (consolidated)	28,898,457	9,077,692	17,234,423	6,479,392	0	<b>61,689,964</b>
EBITDA	916,654	255,895	-414,134	671,562	-1,630,338	<b>-200,361</b>
Operating EBITDA <sup>1)</sup>	1,076,711	342,466	722,761	671,562	-1,630,338	<b>1,183,162</b>
Depreciation and amortization	-650,557	-782,858	-606,605	-592,193	-53,261	<b>-2,685,475</b>
Operating EBIT <sup>1)</sup>	426,154	-440,392	116,156	79,368	-1,683,599	<b>-1,502,313</b>
Restructuring costs	-160,057	-86,571	-1,136,895	0	0	<b>-1,383,523</b>
EBIT	266,097	-526,963	-1,020,739	79,368	-1,683,599	<b>-2,885,836</b>

1) Adjusted for restructuring costs and non-recurring income and loss from discontinued operation

Cash-flow Statement in EUR	Note	1.10.2009 - 30.9.2010	1.1. - 30.9.2009
Profit/loss before tax		326,751	-3,147,295
Depreciation and amortization		2,795,924	2,685,475
Financial result		722,037	259,802
Result from associates		1,811,806	1,657
Gains / losses from the disposal of property, plant and equipment and intangible assets		-4,473	64,089
Other non-cash income		-3,856,144	0
Changes in non-current provisions and liabilities		-188,051	-393,809
Net interest paid		-594,215	-368,129
Income taxes paid		-495,677	-164,715
<b>Gross cash flow of continuing operations</b>		<b>517,958</b>	<b>-1,062,925</b>
Changes in inventories		41,133	-65,287
Changes in trade receivables		-1,146,693	7,216,701
Changes in trade payables		677,646	-824,977
Changes in other current assets and liabilities		-1,183,901	-3,708,042
Elimination of gains from the sale of subsidiaries		-2,801,935	0
Currency translation differences		22,861	-8,921
<b>Cash flow from operating activities of continuing operations</b>	<b>10</b>	<b>-3,872,931</b>	<b>1,546,549</b>
Payments for acquisition of subsidiaries		-1,111,079	-266,406
Net payments from the sale of subsidiaries		3,305,233	0
Decrease from deconsolidation of subsidiaries		-77,243	0
Investments in property, plant and equipment and other intangible assets		-1,529,290	-1,859,042
Sale of property, plant and equipment and other intangible assets		4,473	12,880
Sale of shares and receivables from associates		0	355,164
Investments in financial assets		528	12,713
<b>Cash flow from investing activities of continuing operations</b>	<b>11</b>	<b>592,622</b>	<b>-1,744,691</b>
Increase in financial liabilities		3,096,406	148,366
Repayment of financial liabilities and bank overdrafts		-156,519	-2,646,221
Dividends paid		0	0
Capital increase		0	0
Purchase of treasury shares		0	0
<b>Cash flow from financing activities of continuing operations</b>	<b>12</b>	<b>2,939,887</b>	<b>-2,497,855</b>
<b>Change in cash and cash equivalents from continuing operations</b>		<b>-340,422</b>	<b>-2,695,997</b>
<b>Change in cash and cash equivalents from discontinued operation</b>	<b>34</b>	<b>-1,087,508</b>	<b>-559,754</b>
Cash and cash equivalents at the beginning of the period		5,543,493	8,799,244
Change in cash and cash equivalents		-1,427,930	-3,255,751
<b>Cash and cash equivalents at the end of the period</b>	<b>13, 23</b>	<b>4,115,563</b>	<b>5,543,493</b>

Balance Sheet in EUR	Note	30.9.2010	30.9.2009
<b>ASSETS</b>			
Property, plant and equipment	14	1,885,838	2,464,411
Goodwill	15	11,001,151	14,516,571
Other intangible assets	16	2,936,087	10,213,570
Investments in associates	17	10,528,748	9,809
Financial assets	18	49,291	193,376
Other receivables and assets	22	74,191	100,252
Deferred tax assets	19	1,345,698	433,899
<b>Non-current assets</b>		<b>27,821,004</b>	<b>27,931,888</b>
Inventories	20	204,208	267,256
Trade receivables	21	17,571,459	19,457,294
Other receivables and assets	22	1,339,590	1,249,600
Cash and cash equivalents	23	4,115,563	5,543,493
<b>Current assets</b>		<b>23,230,820</b>	<b>26,517,643</b>
<b>Total assets</b>		<b>51,051,824</b>	<b>54,449,531</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent company			
Share capital	24	15,386,742	15,386,742
Reserves	24	10,746,071	12,085,388
Retained earnings		-6,023,248	-8,157,276
<b>Equity</b>		<b>20,109,565</b>	<b>19,314,854</b>
Financial liabilities	26	9,962,825	10,877,500
Other liabilities	28	141,514	138,273
Provisions for post-employment benefits	25	1,530,710	1,964,139
Deferred tax liabilities	19	120,592	1,783,410
<b>Non-current liabilities</b>		<b>11,755,641</b>	<b>14,763,322</b>
Financial liabilities	26	3,190,676	313,349
Trade payables	27	7,602,483	7,526,871
Other liabilities	28	6,878,531	9,368,320
Income tax provisions	30	1,065,006	1,113,692
Other provisions	31	449,922	2,049,123
<b>Current liabilities</b>		<b>19,186,618</b>	<b>20,371,355</b>
<b>Total equity and liabilities</b>		<b>51,051,824</b>	<b>54,449,531</b>

Changes in equity in EUR	Note	Attributable to equity holders of the parent company				
		Share capital	Share premium	Other reserves	Retained earnings	Total equity
<b>Balance 1.1.2009</b>		<b>15,386,742</b>	<b>15,536,020</b>	<b>-290,921</b>	<b>-6,482,723</b>	<b>24,149,118</b>
Transfer of reserves		0	-3,159,954	0	3,159,954	0
Profit/loss after tax		0	0	243	-4,834,507	-4,834,264
Total result for the period		0	-3,159,954	243	-1,674,553	-4,834,264
<b>Balance 30.9.2009</b>	<b>24</b>	<b>15,386,742</b>	<b>12,376,066</b>	<b>-290,678</b>	<b>-8,157,276</b>	<b>19,314,854</b>
Transfer of reserves		0	-1,342,756	0	1,342,756	0
Profit/loss after tax		0	0	3,439	791,272	794,711
Total result for the period		0	-1,342,756	3,439	2,134,028	794,711
<b>Balance 30.9.2010</b>	<b>24</b>	<b>15,386,742</b>	<b>11,033,310</b>	<b>-287,239</b>	<b>-6,023,248</b>	<b>20,109,565</b>



# Notes to the consolidated financial statements for the fiscal year from October 1, 2009 to September 30, 2010

## The Company

BRAIN FORCE HOLDING AG, Vienna, is a leading IT company with subsidiaries in Austria, Germany, Switzerland, Italy, the Netherlands, the Czech Republic and Slovakia. BRAIN FORCE develops own software solutions and implements products of leading technology providers. The portfolio includes products and services in the areas of Process Optimization (formerly Business Solutions), Infrastructure Optimization and Professional Services. The parent company is headquartered in Karl-Farkas-Gasse 22, 1030 Vienna, Austria.

At the balance sheet date, BEKO HOLDING AG, Nöhagen, Austria, holds the majority of the shares in BRAIN FORCE HOLDING AG.

In the previous year, the balance sheet date was changed to September 30 for all group companies, and thus only comprised the short fiscal year for the period from January 1 to September 30, 2009. As a result, the comparability, in particular regarding key performance ratios, is limited in these notes to the consolidated financial statements.

## Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the reporting periods presented.

### Financial reporting principles

The consolidated financial statements at September 30, 2010 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the applicable Austrian regulations pursuant to Section 245a UGB.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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 judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note "accounting estimates and assumptions".

For clarity purposes, amounts are rounded and – unless otherwise stated – reported in euro thousand. However, the exact amounts are used for calculations, including the undisclosed digits, which is why computing differences may arise.

### New and amended standards and interpretations that have been adopted by the EU and applied for the first time in the fiscal year

IFRS 3 (revised and amendment) "Business combinations" and IAS 27 (amendment) "Consolidated and separate financial statements" (mandatory for reporting periods beginning on or after July 1, 2009) was applied to business combinations after October 1, 2009. In the fiscal year one business combination occurred (see Note 32) where the new provisions were applied.

All other new regulations (amendments to standards, new and amended interpretations) that were mandatory for the first time in the fiscal year had no or no material impact on the consolidated financial statements.

### Standards, interpretations and amendments to published standards that have not yet been applied

A number of amendments to standards, new standards and interpretations have already been published, but have not yet been adopted by the European Union or are not yet mandatory. The impact of these regulations on the consolidated financial statements of the Company is not material and, therefore, not presented in detail.

### Principles of consolidation

The financial statements included in consolidation were all drawn up with the uniform consolidated balance sheet date September 30, 2010.

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

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

### Consolidated group

The consolidated group changed as follows, compared to the consolidated financial statements at September 30, 2009:

On November 25, 2009, BRAIN FORCE HOLDING AG as the sole shareholder of BRAIN FORCE SOFTWARE GmbH, Vienna, at an extraordinary general meeting decided to spin off the SolveDirect business into a new corporation. The company, SolveDirect Service Management GmbH, Vienna, was registered in the commercial register on December 3, 2009. Subsequently, by purchase and transfer agreement dated December 16, 2009, all shares of BRAIN FORCE SOFTWARE GmbH, Vienna, were sold to BEKO Engineering & Informatik AG, Nöhagen. BRAIN FORCE SOFTWARE GmbH, Vienna, was deconsolidated as of December 31, 2009.

Following the spin-off of the SolveDirect business, BRAIN FORCE HOLDING AG on December 21, 2009 announced the signing of an investment contract with 3TS Cisco Growth Fund regarding its subsidiary SolveDirect Service Management GmbH, Vienna. The fund specializing in high-growth companies will invest up to € 6 million in SolveDirect within the next years. The investment will be made, depending on the capital requirements for financing the U.S. expansion, through several capital increases of SolveDirect Service Management GmbH, in which BRAIN FORCE HOLDING AG will not participate. Due to the supervisory and control powers stipulated in the investment contract, SolveDirect Service Management GmbH was deconsolidated at the time of the closing of the investment contract and accounted for as an associate using the equity method. The relevant date for the deconsolidation and equity accounting was January 1, 2010.

By share purchase and transfer agreement dated February 25, 2010, BRAIN FORCE HOLDING AG acquired all shares in INISYS Software-Consulting Ges.m.b.H., Neulengbach. INISYS Software-Consulting Ges.m.b.H. was included in the consolidated financial statements of BRAIN FORCE HOLDING AG as of March 1, 2010 and renamed to BRAIN FORCE GmbH as of August 5, 2010.

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

Company	Method of consolidation	Share in %
BRAIN FORCE GmbH, Neulengbach, Austria	V	100
BRAIN FORCE Software GmbH, Munich, Germany	V	100
BRAIN FORCE S.p.A., Milan, Italy	V	100
BRAIN FORCE Network Solutions B.V., Veenendaal, Netherlands	V	100
BRAIN FORCE B.V., Veenendaal, Netherlands	V	100
BFS Brain Force Software AG, Maur, Switzerland	V	100
BRAIN FORCE SOFTWARE s.r.o., Prague, Czech Republic	V	100
Brain Force Software s.r.o., Bratislava, Slovakia <sup>1)</sup>	V	100
NSE Capital Venture GmbH, Munich, Germany <sup>2)</sup>	V	100
SolveDirect Service Management GmbH, Vienna <sup>3)</sup>	E	81.42
CONSULTING CUBE s.r.l., Bologna, Italy <sup>4)</sup>	E	25

F ... Full consolidation

E ... Equity method of consolidation

1) 0.5% of the share is held by BRAIN FORCE HOLDING AG, 99.5% by BRAIN FORCE SOFTWARE s.r.o., Prague, Czech Republic.

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

3) The company holds 100% of the shares in SolveDirect Service Management Inc., San Francisco, USA. The companies were included in the consolidated financial statements as subgroup using the equity method.

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

### Methods of consolidation

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

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

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

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

#### Foreign currency translation

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

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

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

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

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

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

Currency	Rate at 30.9.2010	Rate at 30.9.2009
	1 EUR	1 EUR
CHF Swiss franc	1.3445	1.5100
CZK Czech crowns	24.4000	25.1950
USD US dollar	1.3720	1.4650

#### Property, plant and equipment

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

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

	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.

#### Maintenance expenses

Maintenance expenses are recognised 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 statement of comprehensive income 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 years
Customer relations	7 years

Other purchased intangible assets are recognised 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

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 recognised 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 recognised as assets arising from development (other intangible assets) in accordance with IAS 38, to the extent that such expenditure is expected to generate future economic benefits. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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

### Associates

Investments in associates, i.e. companies in which the Group, directly or indirectly, holds more than 20% of the voting rights or in another way can exercise a significant influence on the operating policies of the associated company, are accounted for using the equity method. Under this method, investments are initially recorded at cost and subsequently adjusted according to the investor's share in the net assets of the associated company. The statement of comprehensive income reflects the investor's share in the results of the associated company. Through the conclusion of the investment contract with 3TS Cisco Growth Fund, the Group no longer had the exclusive power to govern the financial and operating policies of SolveDirect Service Management GmbH, Vienna. The subsidiary, which up to then had been fully consolidated, was deconsolidated and the fair value of the shares was recognised for the time as investments in associates. The share in SolveDirect Service Management GmbH, Vienna, which is accounted for using the equity method, amounts to 81.42% at the balance sheet date.

### Financial assets

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

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

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

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

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

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

#### **Construction contracts**

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

#### **Receivables and other assets**

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

Non-current receivables falling due within twelve months after the balance sheet date are recognised 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 September 30, 2010.

#### **Liabilities**

Liabilities are recognised at cost or at the amount repayable, if different. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income 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.

#### **Provisions**

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

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

#### **Provisions for post-employment benefits**

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

The expense for the period to be recognised includes service cost, interest cost, and expense or income from the amortization of past service costs and actuarial gains and losses. The calculation of the obligations is based on actuarial assumptions, particularly with regard to the interest rate applicable for discounting, the rate of increase for salaries and pensions, the pensionable age and probabilities concerning labour turnover and the probability of occurrence. The calculation is based on local biometrical data.

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

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

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

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

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

Severance payments relate to obligations under Austrian or Italian law.

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

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

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 recognised under personnel expenses.

Severance payments under Italian law (TFR) are one-off employee benefits which have to be paid as soon as an employee leaves an enterprise. The amount of the compensation is based on the number of monthly salaries (indexed), whereby a monthly salary (annual salary divided by 13.5) is earned per service year. The employee can receive an advance of up to 70% 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.

### Revenues

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

### Borrowing costs

As in the prior year, no borrowing costs were capitalized in the fiscal year 2009/10.

### Income taxes

Income taxes are recognised 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 realised or the deferred income tax liability is settled. Deferred tax liabilities are recognised 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 recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

#### **Fair values**

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

#### **Accounting estimates and assumptions**

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

#### **Transfer prices**

Intragroup service relations exist to a small extent between the segments. The services rendered are charged at arm's length according to the cost plus method.

#### **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% would not result in an impairment of the recognised goodwill.

#### **Deferred taxes**

If future taxable income within the plan period defined for the recognition and measurement of deferred taxes fell 10% short of the value assumed at the balance sheet date, the recognised net position of deferred tax assets would probably have to be reduced by EUR 179k (prior year: no difference).

#### **Provisions for post-employment benefits**

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

The present value of the obligation depends on a number of factors which are based on actuarial assumptions. The assumptions used in calculating the expenses include the 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 recognised. Applying the corridor method, the amount of actuarial gains and losses outside the corridor has to be allocated in profit or loss over the average remaining service period of the beneficiary. 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.

If the assumptions were based on a discount rate which fell 10 percent short of the estimates made by management, the present value of the obligation for pensions and severance payments would have to be raised by EUR 79k (prior year: EUR 109k).

#### **Other balance sheet items**

With regard to the other balance sheet items, changes in estimates and assumptions do not result in significant effects on the assets and liabilities, the financial position and result of operations for the following fiscal year.



## Comments on the Statement of Comprehensive Income

Comparability with prior year figures is limited, since they relate to the short fiscal year from January 1 to September 30, 2009. With the end of the prior fiscal year, an operation in the BRAIN FORCE Group was discontinued, namely the Infrastructure Optimization business at the Berlin location. In addition, the changes in the consolidated group adversely affect the comparability of the fiscal years.

The following comments on the statement of comprehensive income relate to the continuing operations.

### (1) Revenues

Revenues are broken down as follows:

in EUR	2009/10	1-9/2009
Current services	42,721,903	39,188,452
Construction/service contracts	11,341,926	11,361,185
Products	15,525,556	11,140,327
<b>Revenues</b>	<b>69,589,385</b>	<b>61,689,964</b>

### (2) Types of expenditure

The statement of comprehensive income was prepared using the function of expense method. The following presentation shows a break-down by type of expenditure.

in EUR	2009/10	1-9/2009
Increase or decrease in services not yet invoiced	-2,735	3,379
Cost of materials and purchased services (see Note 5)	26,839,268	21,676,987
Own work capitalised	-970,869	-1,097,341
Personnel expenses (see Note 6)	32,934,314	31,099,747
Depreciation and amortization	2,795,924	2,685,475
Rents and energy costs	2,488,125	2,116,059
Automobile expenses	2,190,334	1,752,157
Travel expenses	1,161,576	1,021,740
Advertising and marketing expenses	477,041	442,966
Legal, audit and consulting fees	1,397,411	1,195,891
Postage and communication charges	631,236	526,079
Bad debts and allowances for receivables	156,782	204,185
Company insurances	153,560	131,052
Other expenses	1,413,819	1,609,846
<b>Manufacturing, selling and administrative costs and other operating expenses</b>	<b>71,665,786</b>	<b>63,368,222</b>

In the prior year, restructuring costs were recognised in the item "type of expenses". To enhance the presentation of expenses incurred in operations, they were reclassified and are now included in non-recurring items (see Note 4).

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

### (3) Other operating income

Other operating income includes:

in EUR	2009/10	1-9/2009
Income from the reversal of provisions	18,813	0
Compensation	90,000	0
Transfer Payroll Services unit	103,406	0
Other	214,914	175,945
<b>Other operating income</b>	<b>427,133</b>	<b>175,945</b>

**(4) Non-recurring items**

Expenses and income include the following:

in EUR	2009/10	1-9/2009
Restructuring costs	-1,815,519	-1,383,523
Income from the deconsolidation of BRAIN FORCE SOFTWARE GmbH, Vienna	2,469,237	0
Income from the deconsolidation of SolveDirect Service Management GmbH, Vienna	3,856,144	0
<b>Non-recurring items</b>	<b>4,509,862</b>	<b>-1,383,523</b>

As in the prior year, restructuring costs include expenses in connection with the staff reduction measures carried out.

The income from the deconsolidation of BRAIN FORCE SOFTWARE GmbH, Vienna, corresponds to the book profit from the sale of the company less consideration paid.

The income from the deconsolidation of SolveDirect Service Management GmbH, Vienna, results from the change from full consolidation to the first-time recognition of the fair values as associate.

**(5) Cost of materials and purchased services**

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

in EUR	2009/10	1-9/2009
Cost of goods sold	4,937,601	2,766,564
Maintenance	1,218,965	742,792
Licenses	1,367,537	885,105
<b>Cost of materials</b>	<b>7,524,103</b>	<b>4,394,461</b>
Subcontractors	19,315,165	17,282,526
<b>Cost of materials and purchased services</b>	<b>26,839,268</b>	<b>21,676,987</b>

**(6) Personnel expenses**

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

in EUR	2009/10	1-9/2009
Salaries	26,020,932	24,691,315
Expenses for severance payments	649,997	509,455
Expenses for pensions	38,012	52,054
Expenses for statutory social security, payroll-related taxes and mandatory contributions	6,225,373	5,846,923
<b>Personnel expenses</b>	<b>32,934,314</b>	<b>31,099,747</b>

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 36,683 (prior year: EUR 58,621).

**(7) Financial result**

The financial result is calculated as follows:

in EUR	2009/10	1-9/2009
Income from securities	7,854	12,713
Income from the disposal of shares in associates	0	52,396
Income from termination of convertible bond	0	302,768
Net gain from foreign currency translation	6,768	9,867
Interest and similar expenses	-736,659	-637,546
<b>Financial result</b>	<b>-722,037</b>	<b>-259,802</b>

## (8) Income taxes

Income taxes of the continuing operations are as follows:

in EUR	2009/10	1-9/2009
Current tax expense	444,793	399,908
Deferred tax income/expense	-1,042,201	-1,140,577
<b>Income taxes</b>	<b>-597,408</b>	<b>-740,669</b>

The income tax expense for the year is EUR 679,096 lower (prior year: EUR 46,155 higher) than the calculated income tax expense of EUR 81,688 (prior year: EUR -786,824), which would result from applying a tax rate of 25% (prior year: 25%) on the profit before tax, with the tax rate equalling the income tax rate applicable to the parent company. The reasons for the difference between calculated and recognised income tax expenses are as follows:

in EUR	2009/10	1-9/2009
<b>Result before income taxes</b>	<b>326,751</b>	<b>-3,147,295</b>
thereof 25% = calculated income tax expense	81,688	-786,824
Effects of different tax rates in other countries	155,902	173,525
Tax-free income	-988,028	0
Expenses not deductible for tax purposes	33,408	75,470
Other permanent differences	-106,492	24,940
Tax losses for which no deferred tax assets have been recognised	608,669	127,724
Write-down of deferred tax assets	0	156,000
Utilisation and subsequent capitalization of temporary differences and tax losses not recognised in the year in which they arose	-398,685	-10,615
Deferred tax assets from losses in or adjustments from discontinued operation (see Note 34)	-84,173	-622,431
<b>Income tax expense / income – current period</b>	<b>-697,711</b>	<b>-862,211</b>
Non-periodic income tax expense/income	100,303	121,542
<b>Recognised income tax expense/income</b>	<b>-597,408</b>	<b>-740,669</b>

## (9) Segment information

In accordance with the requirements of IFRS 8 (management approach), BRAIN FORCE HOLDING AG reports by geographical segments. Segment results (operating EBITDA and operating EBIT before restructuring costs and non-recurring items) are recognised, not taking into account the costs recharged for trademark license fees and intragroup services. Revenues, EBITDA and EBIT, as well as of assets and liabilities are allocated according to the corporate domicile of the entities to the following regions:

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

The segment results are presented following the statement of comprehensive income. Austria accounts for EUR 4.82 million (prior year: EUR 8.78 million) of revenues for the fiscal year 2009/10, other countries for EUR 64.77 million (prior year: EUR 52.91 million).

Investments, assets and liabilities are broken down as follows by region:

Key ratios 2009/10 in EUR	Germany	Central East Europe	South West Europe	Netherlands	Holding and Other	Group
Investments	466,029	133,733	516,166	367,522	45,840	<b>1,529,290</b>
Assets	12,970,838	1,961,565	15,159,593	6,649,571	14,310,257	<b>51,051,824</b>
Liabilities	6,525,459	486,517	8,775,052	1,168,025	13,987,206	<b>30,942,259</b>

In the Germany region, the 2009/10 key ratios include assets in the amount of EUR 21,686 and liabilities in the amount of EUR 452,567, which are attributable to the discontinued operation (see Note 34).

Key ratios 1-9/2009 in EUR	Germany	Central East Europe	South West Europe	Netherlands	Holding and Other	Group
Investments	568,291	128,844	692,544	433,715	35,648	<b>1,859,042</b>
Assets	15,624,385	15,165,343	14,287,931	7,734,160	1,637,712	<b>54,449,531</b>
Liabilities	7,934,804	3,549,737	8,483,836	1,319,504	13,846,796	<b>35,134,677</b>

In the Germany region, the 1-9/2009 key ratios include assets in the amount of EUR 382,170 and liabilities in the amount of EUR 1,767,673, which are attributable to the discontinued operation (see Note 34).

The group entities operating in the individual regions generate revenues in the areas Process Optimization (formerly Business Solutions), Infrastructure Optimization and Professional Services.

The Process Optimization segment provides optimized solutions for critical business processes in the following areas: Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Corporate Performance Management/Business Intelligence (CPM/BI) and Financial IT Services.

The Infrastructure Optimization segment provides solutions for better manageable and more efficient IT infrastructure in the following areas: Server and Data Management, Workspace Management, Application Provisioning and Control, Communication and Collaboration, and IT Service Management.

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

Revenues by business segment:

in EUR	Process Optimization	Infrastructure Optimization	Professional Services	Group
Revenues 2009/10	15,910,815	32,382,073	21,296,497	<b>69,589,385</b>
Revenues 1-9/2009	14,078,522	27,900,258	19,711,184	<b>61,689,964</b>

## 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.

The change in cash and cash equivalents of the discontinued operation is stated as a separate item.

### (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), dividends received and income taxes, 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.

The payments made for acquisitions of companies in the fiscal year 2009/10 amount to EUR 1,111,079 and relate to the purchase price obligation in connection with the acquisition of all shares of INISYS Software-Consulting Ges.m.b.H., Neulengbach, Austria. Net payments received in the amount of EUR 3,305,233 result from the sale of BRAIN FORCE SOFTWARE GmbH, Vienna, less consideration paid.

**(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 at bank, as long as they are available at short notice and unrestricted.

## Comments on the Balance Sheet

**(14) Property, plant and equipment**

Property, plant and equipment have changed as follows:

in EUR	Building invest- ments in non- owned facilities	Office machines, IT equipment, other office equipment	Total
Acquisition or production costs 1.10.2009	1,848,432	5,606,600	7,455,032
Currency translation differences	57	805	862
Additions	51,196	417,554	468,750
Addition change in consolidated group	10,839	33,744	44,483
Disposals	0	-203,456	-203,456
Disposals change in consolidated group	-132,009	-496,614	-628,623
<b>Acquisition or production costs 30.9.2010</b>	<b>1,778,515</b>	<b>5,358,633</b>	<b>7,137,148</b>
Accumulated depreciation 1.10.2009	929,060	4,061,562	4,990,622
Currency translation differences	3	385	388
Depreciation charge 2009/10	177,856	578,396	756,252
Disposals	0	-179,439	-179,439
Disposals change in consolidated group	-26,401	-290,110	-316,512
Accumulated depreciation 30.9.2010	1,080,517	4,170,794	5,251,311
<b>Carrying amounts 30.9.2010</b>	<b>697,998</b>	<b>1,187,840</b>	<b>1,885,838</b>

in EUR	Building invest- ments in non- owned facilities	Office machines, IT equipment, other office equipment	Total
Acquisition or production costs 1.1.2009	1,632,844	5,428,266	7,061,110
Currency translation differences	92	625	717
Additions	338,493	374,715	713,208
Disposals	-122,997	-197,006	-320,003
<b>Acquisition or production costs 30.9.2009</b>	<b>1,848,432</b>	<b>5,606,600</b>	<b>7,455,032</b>
Accumulated depreciation 1.1.2009	845,992	3,721,735	4,567,727
Currency translation differences	5	624	629
Depreciation charge 1-9/2009	148,727	506,679	655,406
Disposals	-65,664	-167,477	-233,141
Accumulated depreciation 30.9.2009	929,060	4,061,561	4,990,621
<b>Carrying amounts 30.9.2009</b>	<b>913,372</b>	<b>1,545,039</b>	<b>2,464,411</b>

**(15) Goodwill**

Goodwill changed as follows:

in EUR	2009/10	1-9/2009
<b>Carrying amount – beginning of period</b>	<b>14,516,571</b>	<b>14,516,571</b>
Addition	1,160,589	0
Disposal	-4,676,009	0
<b>Carrying amount – end of period</b>	<b>11,001,151</b>	<b>14,516,571</b>



The goodwill as of September 30 of the fiscal year results 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), 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 INISYS Software-Consulting Ges.m.b.H., Neulengbach, Austria.

The addition results from the acquisition of INISYS Software-Consulting Ges.m.b.H., Neulengbach, Austria, which was renamed to BRAIN FORCE GmbH as of August 5, 2010.

The disposal results from the deconsolidation of SolveDirect Service Management GmbH, Vienna, Austria.

In the fiscal year 2009/10, impairment tests were performed for the following cash generating units:

in EUR	Allocated goodwill
BRAIN FORCE S.p.A. – Segment South West Europe, Process Optimization division	1,783,670
BRAIN FORCE S.p.A. – Segment South West Europe, 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
<b>Carrying amount 30.9.2010</b>	<b>11,001,151</b>

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 2010/11 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:

in %	Growth rate	Discount rate before tax	Discount rate after tax
BRAIN FORCE S.p.A. – Segment South West Europe, Process Optimization division	1.0	21.1	9.1
BRAIN FORCE S.p.A. – Segment South West Europe, Infrastructure Optimization division	1.0	21.8	9.1
BRAIN FORCE Software GmbH – Segment Germany, Process Optimization division	1.0	13.1	9.3
BRAIN FORCE Software GmbH – Segment Germany, Infrastructure Optimization division	1.0	12.0	8.6
BRAIN FORCE B.V. – Segment Netherlands, Infrastructure Optimization division	1.0	12.3	9.5
BRAIN FORCE GmbH – Segment Central East Europe, Process Optimization division	1.0	12.2	9.6

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 realisable 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 1.1.2009	11,191,550	14,958,990	26,150,540
Currency translation differences	5,471	675	6,146
Additions	970,869	90,702	1,061,571
Addition change in consolidated group	62,300	0	62,300
Disposals	0	-65,964	-65,964
Disposal change in consolidated group	0	-8,971,037	-8,971,037
<b>Acquisition or production costs 30.9.2010</b>	<b>12,230,190</b>	<b>6,013,366</b>	<b>18,243,556</b>
Accumulated amortization 1.1.2009	8,354,796	7,582,174	15,936,970
Currency translation differences	5,470	675	6,145
Amortization charge 2009/10	1,463,092	577,611	2,040,703
Disposals	0	-65,964	-65,964
Disposal change in consolidated group	0	-2,610,385	-2,610,385
Accumulated amortization 30.9.2010	9,823,358	5,484,111	15,307,469
<b>Carrying amounts 30.9.2010</b>	<b>2,406,832</b>	<b>529,255</b>	<b>2,936,087</b>

in EUR	Development costs	Other	Intangible assets
Acquisition or production costs 1.1.2009	12,860,513	14,910,101	27,770,614
Currency translation differences	8,872	1,094	9,966
Additions	1,112,275	49,045	1,161,320
Disposals	-2,790,110	-1,250	-2,791,360
<b>Acquisition or production costs 30.9.2009</b>	<b>11,191,550</b>	<b>14,958,990</b>	<b>26,150,540</b>
Accumulated amortization 1.1.2009	9,940,812	6,501,521	16,442,333
Currency translation differences	8,872	1,094	9,966
Amortization charge 1-9/2009	1,103,707	978,008	2,081,715
Transfers	-102,800	102,800	0
Disposals	-2,595,795	-1,249	-2,597,044
Accumulated amortization 30.9.2009	8,354,796	7,582,174	15,936,970
<b>Carrying amounts 30.9.2009</b>	<b>2,836,754</b>	<b>7,376,816</b>	<b>10,213,570</b>

In addition to acquired software and rights, the item “other intangible assets” includes other intangible assets, such as development costs and customer relations, identified in the allocation of the purchase price in connection with acquisitions under IFRS 3 with a carrying amount of EUR 408,596 (prior year: EUR 7,207,270).

The significant decline is due to the disposal of intangible assets in connection with the deconsolidation of SolveDirect Service Management GmbH, Vienna, in the amount of EUR 6,350,731 and to the amortization incurred in the fiscal year 2009/10.

**(17) Investments in associates**

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

in EUR	2009/10	1-9/2009
Carrying amount – beginning of period	9,809	11,466
Addition	12,330,745	0
Share in profit/loss after tax	-1,811,806	-1,657
<b>Carrying amount – end of period</b>	<b>10,528,748</b>	<b>9,809</b>

The addition results from the first-time recognition of the shares in SolveDirect Service Management GmbH, Vienna, at fair value. The share in after-tax losses relates to the shares in SolveDirect Service Management GmbH and includes the current assumption of losses and dilution effects from the capital increases carried out.

The carrying amount of investments in associates reported in these consolidated financial statements relates to the 81.42% share in SolveDirect Service Management GmbH and the 25% share in CONSULTING CUBE s.r.l., Italy.

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

in EUR	SolveDirect Service Management GmbH	Consulting Cube s.r.l.	30.9.2010	30.9.2009
Assets	5,328,727	198,486	5,527,213	226,744
Liabilities	3,388,797	158,854	3,547,651	187,508
Revenues	5,246,501	210,452	5,456,953	626,891
Profit/loss for the period	-659,495	396	-659,099	-6,627

#### (18) Financial assets

Financial assets changed as follows:

in EUR	Securities
Carrying amount 1.10.2009	193,376
Addition change in consolidated group	12,183
Disposal change in consolidated group	-152,679
Adjustment to fair value	-3,589
<b>Carrying amount 30.9.2010</b>	<b>49,291</b>

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

#### (19) Deferred taxes

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

Deferred taxes are calculated as follows:

in EUR	1.10.2009	Change in consolidated group	Change in income statement	30.9.2010
Provisions for post-employment benefits	129,257	-71,417	-18,241	39,599
Tax loss carry-forwards	1,358,033	0	729,500	2,087,533
Other	224,079	0	198,605	422,684
<b>Deferred tax assets</b>	<b>1,711,369</b>	<b>-71,417</b>	<b>909,864</b>	<b>2,549,816</b>
Development costs and other intangible assets	652,914	15,575	-107,434	561,055
Other non-current assets	1,961,082	-1,601,348	-190,846	168,888
Receivables	343,502	-18,060	210,630	536,072
Other	103,382	0	-44,687	58,695
<b>Deferred tax liabilities</b>	<b>3,060,880</b>	<b>-1,603,833</b>	<b>-132,337</b>	<b>1,324,710</b>

in EUR	1.1.2009	Change in consolidated group	Change in income statement	30.9.2009
Provisions for post-employment benefits	129,584	0	-327	129,257
Tax loss carry-forwards	322,476	0	1,035,557	1,358,033
Other	283,313	0	-59,234	224,079
<b>Deferred tax assets</b>	<b>735,373</b>	<b>0</b>	<b>975,996</b>	<b>1,711,369</b>
Development costs and other intangible assets	661,241	0	-8,327	652,914
Other non-current assets	2,224,459	0	-263,377	1,961,082
Receivables	297,588	0	45,914	343,502
Other	115,134	0	-11,752	103,382
<b>Deferred tax liabilities</b>	<b>3,298,422</b>	<b>0</b>	<b>-237,542</b>	<b>3,060,880</b>

The calculation of deferred taxes was presented taking into account the discontinued operation. Of the change in deferred taxes totalling EUR 1,042,201, no deferred taxes (prior year: deferred tax income of EUR 72,960) are attributable to the discontinued operation.

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

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

in EUR	30.9.2010	30.9.2009
Deferred tax assets	1,345,698	433,899
Deferred tax liabilities	-120,592	-1,783,410
<b>Carrying amount</b>	<b>1,225,106</b>	<b>-1,349,511</b>

Within the next 12 months, a realisation of deferred tax assets is expected in the amount of EUR 373,997, and a settlement of deferred tax liabilities in the amount of EUR 192,867.

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

No deferred tax assets have been recognised in the Group for the following unused tax losses and for deductible differences:

in EUR	Basis	Deferred tax claim
Tax losses that can be carried forward for an unlimited period of time	24,325,476	6,081,369
Tax losses that can be carried forward for a limited period of time	2,917,972	727,422
Deductible temporary differences	7,439,677	1,439,277
<b>30.9.2010</b>	<b>34,683,125</b>	<b>8,248,068</b>

in EUR	Basis	Deferred tax claim
Tax losses that can be carried forward for an unlimited period of time	29,897,141	7,474,284
Tax losses that can be carried forward for a limited period of time	2,082,149	507,390
Deductible temporary differences	7,455,773	1,863,943
<b>30.9.2009</b>	<b>39,435,063</b>	<b>9,845,617</b>

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

## (20) Inventories

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

Inventories comprise the following items:

in EUR	30.9.2010	30.9.2009
Work in progress	38,200	29,149
Goods for resale	166,008	238,107
<b>Inventories</b>	<b>204,208</b>	<b>267,256</b>

EUR 16,777 of the prior-year figure is attributable to the discontinued operation.

**(21) Trade receivables**

in EUR	30.9.2010	30.9.2009
Trade receivables already invoiced	16,844,622	17,730,689
Less allowance for doubtful accounts	-1,149,925	-1,007,975
Trade receivables not yet invoiced	616,769	1,438,802
Receivables from construction/service contracts	1,196,547	1,250,841
Trade receivables from affiliated companies	63,446	44,937
<b>Trade receivables</b>	<b>17,571,459</b>	<b>19,457,294</b>

EUR 20,246 (prior year: EUR 359,115) of the trade receivables recognised is attributable to the discontinued operation.

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

in EUR	2009/10	1-9/2009
Allowance for doubtful accounts – beginning of period	1,007,975	2,386,002
Addition change in consolidated group	2,054	0
Utilisation	-16,886	-1,482,287
Reversal	0	-112,433
Allocation	156,782	216,693
<b>Allowance for doubtful accounts – end of period</b>	<b>1,149,925</b>	<b>1,007,975</b>

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

in EUR	30.9.2010	30.9.2009
Less than 30 days	980,864	1,486,387
More than 30 days	2,806,288	4,545,357
<b>Overdue unimpaired receivables</b>	<b>3,787,152</b>	<b>6,031,744</b>

Within the BRAIN FORCE Group, a credit insurance was concluded that significantly reduces the default risk of overdue receivables.

The total of costs incurred and revenues recognised for projects underway at the balance sheet date amounts to EUR 1,196,547 (prior year: EUR 2,291,466). Prepayments received amount to EUR 61,851 (prior year: EUR 866,913).

**(22) Other receivables and assets**

Other receivables and assets comprise the following items:

in EUR	30.9.2010	30.9.2009
Deposits	72,301	91,994
Other	1,890	8,258
<b>Non-current other receivables and assets</b>	<b>74,191</b>	<b>100,252</b>
Prepayments	116,351	76,489
Tax authorities	151,655	195,540
Maintenance contracts and other prepaid expenses	854,180	708,818
Receivables from employees	82,537	83,236
Other	134,867	185,517
<b>Current other receivables and assets</b>	<b>1,339,590</b>	<b>1,249,600</b>

Other receivables and assets include EUR 1,440 (prior year: EUR 6,379) that is attributable to the discontinued operation.



**(23) Cash and cash equivalents**

Cash and cash equivalents comprise the following:

in EUR	30.9.2010	30.9.2009
Cash in hand	8,483	9,716
Cash at bank	4,107,080	5,533,777
<b>Cash and cash equivalents</b>	<b>4,115,563</b>	<b>5,543,493</b>

**(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 the Company are listed in the Standard Market Continuous segment of the Vienna Stock Exchange.

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

At the 11th annual general meeting on May 14, 2009, the authorisation was granted to repurchase treasury stock of up to 10% of the share capital. As yet, this authorisation has not been used.

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

in EUR	Share capital	Reserves
Balance 1.10.2009	15,386,742	12,085,388
Used to cover losses	0	-1,342,756
Other changes	0	3,439
<b>Balance 30.9.2010</b>	<b>15,386,742</b>	<b>10,746,071</b>

in EUR	Share capital	Reserves
Balance 1.1.2009	15,386,742	15,245,099
Used to cover losses	0	-3,159,954
Other changes	0	243
<b>Balance 30.9.2009</b>	<b>15,386,742</b>	<b>12,085,388</b>

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

in EUR	30.9.2010	30.9.2009
Fair value reserve for securities	3,885	7,474
Reserve for currency translation differences	-291,124	-298,152
<b>Other reserves</b>	<b>-287,239</b>	<b>-290,678</b>

**(25) Provisions for post-employment benefits**

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

in EUR	30.9.2010	30.9.2009
Provisions for pensions	73,502	61,651
Provisions for severance payments	90,206	408,171
Provisions for severance payments (TFR)	1,367,002	1,494,317
<b>Provisions for post-employment benefits</b>	<b>1,530,710</b>	<b>1,964,139</b>

**Provisions for pensions**

Due to individual arrangements, three employees of BRAIN FORCE Software GmbH, Munich, Germany, were promised an additional pension after their 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 recognised for provisions for pensions at the balance sheet dates are computed by actuaries based on the projected unit credit method and are broken down as follows:

in EUR	30.9.2010	30.9.2009
Actuarial present value of defined benefit obligation	245,916	198,550
Fair value of plan assets	-155,786	-147,610
	90,130	50,940
Unrecognised actuarial gains/losses	-16,628	10,711
<b>Liability in the balance sheet</b>	<b>73,502</b>	<b>61,651</b>

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

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

in EUR	2009/10	1-9/2009
Balance – beginning of period	198,550	170,845
Current service cost	1,803	1,153
Interest expense	10,920	7,579
Actuarial (gains)/losses	34,643	21,399
Plan curtailments/settlements	0	-2,426
<b>Balance – end of period</b>	<b>245,916</b>	<b>198,550</b>

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

in EUR	2009/10	1-9/2009
Balance – beginning of period	147,610	164,008
Actuarial gains/(losses)	7,304	-18,143
Paid contributions	872	1,745
<b>Balance – end of period</b>	<b>155,786</b>	<b>147,610</b>

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

in EUR	2009/10	1-9/2009
Current service cost	1,803	1,153
Interest expense	10,920	7,579
Amortization of actuarial gains	0	-2,951
Effects of plan curtailments/settlements	0	-3,192
<b>Expense/income for defined benefit obligations</b>	<b>12,723</b>	<b>2,589</b>

The interest expense is recognised in the financial result. Thus, the expenses for defined benefit obligations recognised in personnel expenses amount to EUR 1,803 (prior year: EUR -4,990).

The basic actuarial assumptions are as follows:

in EUR	2009/10	1-9/2009
Interest rate	4.75%	5.5%
Future salary increases	3%	3%
Future pension increases	2%	2%
Pensionable age	60, 62 years	60, 62 years
Mortality tables – Germany	Heubeck 2005	Heubeck 2005

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

Pension costs (excluding interest expense) recognised in personnel expenses are broken down as follows:

in EUR	2009/10	1-9/2009
Pension costs – defined benefit plan	1,803	-4,990
Pension costs – defined contribution plan	36,209	57,044
<b>Pension costs (excluding interest expense)</b>	<b>38,012</b>	<b>52,054</b>

#### Provisions for severance payments (Austria)

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

in EUR	30.9.2010	30.9.2009
Actuarial present value of defined benefit obligation	64,965	361,224
Unrecognised actuarial gains/losses	25,241	46,947
<b>Liability in the balance sheet</b>	<b>90,206</b>	<b>408,171</b>

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

in EUR	2009/10	1-9/2009
Balance – beginning of period	408,171	405,815
Change in consolidated group	-337,292	0
Expenses for severance payments	19,327	33,444
Payment of severance payments	0	-31,088
<b>Balance – end of period</b>	<b>90,206</b>	<b>408,171</b>

The expense recognised in the statement of comprehensive income includes the following:

in EUR	2009/10	1-9/2009
Current service cost	13,947	23,186
Interest expense	6,852	14,101
Amortization of actuarial losses	-1,472	-3,843
<b>Expenses for severance payments (Austria)</b>	<b>19,327</b>	<b>33,444</b>

The interest expense is recognised in the financial result. Thus, the expenses for defined benefit obligations recognised in personnel expenses amount to EUR 12,475 (prior year: EUR 19,343).

The basic actuarial assumptions are as follows:

	2009/2010	1-9/2009
Interest rate	4.75%	5.5%
Future salary increases	3%	3%
Average labour turnover	Age-related	Age-related
Pensionable age	According to pension reform 2004	According to pension reform 2004
Mortality tables	AVÖ 2008-P, employees	AVÖ 2008-P, employees

#### Provisions for severance payments (TFR – Italy)

In the fiscal year 2009/10, the values of provisions for severance payments (TFR – Italy) were computed in the same way as the provisions for pensions. The balance recognised at September 30, 2010 in the amount of EUR 1,367,002 corresponds to the actuarial net present value of the obligation for severance payments (defined benefit obligation).

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

in EUR	2009/10	1-9/2009
Balance – beginning of period	1,494,317	1,804,600
Expenses for severance payments	154,034	52,191
Payment of severance payments	-281,349	-362,474
<b>Balance – end of period</b>	<b>1,367,002</b>	<b>1,494,317</b>

The expense recognised in the statement of comprehensive income includes the following:

in EUR	2009/10	1-9/2009
Interest expense	82,187	72,184
Recognition of actuarial gains/losses	71,847	-19,993
<b>Expenses for severance payments (Italy)</b>	<b>154,034</b>	<b>52,191</b>

The interest expense is recognised in the financial result. Thus, the expenses for defined benefit obligations recognised in personnel expenses amount to EUR 71,847 (prior year: EUR -19,993).

The basic actuarial assumptions are as follows:

	2009/10	1-9/2009
Interest rate	4.75%	5.5%
Future salary increases	3%	3%
Inflation	2%	2%
Average labour turnover	10%	10%
Pensionable age	65 years	65 years
Mortality tables	RG48	ISTAT 2002

## (26) Financial liabilities

in EUR	30.9.2010	30.9.2009
<b>Non-current loans</b>	<b>9,962,825</b>	<b>10,877,500</b>
Current loans	156,516	313,220
Bank overdrafts	3,034,160	129
<b>Current financial liabilities</b>	<b>3,190,676</b>	<b>313,349</b>

Non-current financial liabilities include a bonded loan in the amount of EUR 10,000,000 taken out in the fiscal year 2007. The bullet loan carries an interest rate of 5.17 percent and matures in March 2014.

Interest on other loans is currently charged at 4.85%, and on overdrafts at 3.51 to 6.00% (prior year: 1.70 to 6.50%).

At the balance sheet date, the Group had committed credit lines amounting to a total of EUR 6.0 million.

At the balance sheet date, the fair value of the loans amounts to EUR 8,599,045 (prior year: EUR 11,231,127).

## (27) Trade payables

in EUR	30.9.2010	30.9.2009
Trade payables already invoiced	6,886,027	6,252,555
Advance payments from customers	61,851	4,696
Trade payables not yet invoiced	599,223	1,260,839
Trade payables to affiliated companies	54,860	8,781
Trade payables to associates	522	0
<b>Trade payables</b>	<b>7,602,483</b>	<b>7,526,871</b>

EUR 10,252 (prior year: EUR 8,934) of the trade payables recognised is attributable to the discontinued operation.

## (28) Other liabilities

Other liabilities include the following:

in EUR	30.9.2010	30.9.2009
<b>Non-current other liabilities</b>	<b>141,514</b>	<b>138,273</b>
Taxes	951,579	1,359,780
Social security payables	617,804	873,751
Holiday entitlements and overtime payables	1,121,548	1,572,220
Bonuses	406,926	582,626
Payroll-accounting	1,302,897	1,699,571
Deferred income from maintenance contracts	1,961,210	2,356,068
Other	516,567	924,304
<b>Current other liabilities</b>	<b>6,878,531</b>	<b>9,368,320</b>

Other liabilities include EUR 61,730 (prior year: EUR 149,616) that is attributable to the discontinued operation.

## (29) Contingent liabilities

The Company has no contingent liabilities to third parties.

## (30) Tax provisions

Balance 1.10.2009	Utilisation	Allocation/Reversal	Balance 30.9.2010
EUR	EUR	EUR	EUR
1,113,692	-484,275	435,589	1,065,006

## (31) Other provisions

in EUR	Balance 1.10.2009	Utilisation	Change in consolidated group	Allocation / Reversal	Balance 30.9.2010
<b>Non-current</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Restructuring	190,000	-190,000	0	11,077	11,077
Warranties	250,000	-236,129	51,201	-6,813	58,259
Closure costs of discontinued operation (see Note 34)	1,609,123	-1,228,537	0	0	380,586
<b>Current</b>	<b>2,049,123</b>	<b>-1,654,666</b>	<b>51,201</b>	<b>4,264</b>	<b>449,922</b>

## (32) Acquisition

On February 25, 2010, a share purchase and transfer agreement was concluded regarding the acquisition of all shares in INISYS Software-Consulting Ges.m.b.H., Neulengbach, Austria. Subsequently, INISYS Software-Consulting Ges.m.b.H. was renamed to BRAIN FORCE GmbH as of August 5, 2010. The purchase price amounts to EUR 1,266,160.

Acquired goodwill is calculated as follows (in EUR):

in EUR	
<b>Total purchase price</b>	<b>1,266,160</b>
Less fair value of net assets acquired	-105,571
<b>Goodwill</b>	<b>1,160,589</b>



The following assets and liabilities were acquired:

in EUR	Fair values	Carrying amounts
Non-current assets	119,065	56,765
Current assets (excl. cash and cash equivalents)	229,425	229,425
Cash and cash equivalents	155,081	155,081
Non-current liabilities	-42,173	-26,598
Current liabilities	-355,827	-355,827
<b>Fair value of net assets assumed</b>	<b>105,571</b>	<b>58,846</b>

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

in EUR	
Total purchase price	1,266,160
Less cash and cash equivalents acquired	-155,081
<b>Net cash flow from acquisition</b>	<b>1,111,079</b>

The acquired company contributed to the result of the period as follows: Revenues (from third parties) in the amount of EUR 1,165,784 and a profit for the period of EUR 29,323 were generated in the period from March 1 to September 30, 2010.

As of September 30, 2010, total assets (excluding goodwill) amounted to EUR 610,215, and liabilities to EUR 472,228. Prior to the acquisition by BRAIN FORCE HOLDING AG, the subsidiary did not prepare financial statements in accordance with IFRS. That is why the disclosure of the Group's revenues and the consolidated profit under the assumption as if the company had been acquired already at the beginning of the year cannot be determined without unreasonable expense and is therefore not made.

### (33) Financial instruments

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

Information on financial instruments by category:

in EUR	30.9.2010	30.9.2009
<b>Financial assets available for sale</b>	<b>49,291</b>	<b>193,376</b>
Trade receivables	17,508,013	19,412,357
Other receivables and assets	295,337	395,583
Cash and cash equivalents	4,115,563	5,543,493
<b>Loans and receivables</b>	<b>21,918,913</b>	<b>25,351,433</b>
Financial liabilities	13,153,501	11,190,849
Trade payables	7,485,771	7,513,395
Other liabilities	3,347,938	4,778,720
<b>Liabilities recognised at (amortized) cost</b>	<b>23,987,210</b>	<b>23,482,964</b>

The carrying amounts and cash flows of the financial liabilities with a remaining maturity of more than one year are as follows at the balance sheet date.

Carrying amounts in EUR	30.9.2010	30.9.2009
Non-current financial liabilities	9,962,825	10,877,500
Current portion	0	313,220
<b>Financial liabilities due in &gt;1 year</b>	<b>9,962,825</b>	<b>11,190,720</b>

Cash flows in EUR:	30.9.2010		30.9.2009
2010/11 Redemption	0	2009/10 Redemption	313,220
2010/11 Interest	517,000	2009/10 Interest	559,457
2011/12 Redemption	0	2010/11 Redemption	557,116
2011/12 Interest	517,000	2010/11 Interest	543,357
2012/13 Redemption	0	2011/12 Redemption	291,700
2012/13 Interest	517,000	2011/12 Interest	526,914
2013/14 Redemption	9,962,825	2012/13 Redemption	56,575
2013/14 Interest	244,139	2012/13 Interest	518,556
2014/15 Redemption	0	2013/14 Redemption	9,952,109
2014/15 Interest	0	2013/14 Interest	114,889

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

in EUR	2009/10	1-9/2009
<b>Write-offs of and allowances for trade receivables Operating result, net</b>	<b>156,782</b>	<b>216,693</b>
Financial assets available for sale	7,854	12,713
Loans and receivables	48,005	355,741
Liabilities recognised at (amortized) cost	-688,857	-586,787
<b>Financial result, net</b>	<b>-632,998</b>	<b>-218,333</b>

### (34) Discontinued operation

The result of the discontinued operation (Berlin location) is as follows:

in EUR	2009/10	1-9/2009
Revenues from discontinued operation	383,036	813,041
Cost of sales	-297,986	-872,410
Distribution costs	-108,723	-324,538
Administrative expenses	-81,066	-209,877
Other operating expenses/income	-28,148	23,076
Closure costs	0	-1,930,134
<b>EBIT</b>	<b>-132,887</b>	<b>-2,500,842</b>
Taxes on income	0	72,961
<b>Loss after tax from discontinued operation</b>	<b>-132,887</b>	<b>-2,427,881</b>

The closure costs of the prior year mainly included personnel expenses in connection with the staff redundancies (EUR 870k), rental costs for vacant space (EUR 329k), as well as costs for expected warranty and guarantee claims (EUR 410k).

The loss carry-forwards attributable to the discontinued operation are transferred to continuing operations (see Note 8).

Assets and liabilities are as follows:

in EUR	30.9.2010	30.9.2009
Non-current assets	0	0
Current assets	21,686	382,170
<b>Assets from discontinued operation</b>	<b>21,686</b>	<b>382,170</b>
Non-current liabilities	0	4,803
Current liabilities	452,567	1,762,870
<b>Liabilities from discontinued operation</b>	<b>452,567</b>	<b>1,767,673</b>

Current liabilities at 30.9.2010 mainly include a provision for closure costs in the amount of EUR 381k (prior year: EUR 1,609k).

Cash flow from discontinued operation:

in EUR	2009/10	1-9/2009
Cash flow from operating activities	-1,086,477	-544,268
Cash flow from investing activities	-1,031	-15,486
<b>Cash flow from discontinued operation</b>	<b>-1,087,508</b>	<b>-559,754</b>

### (35) Financial risk management

The BRAIN FORCE Group is exposed to a variety of financial risks (liquidity risk, credit risk, foreign exchange risk, interest rate risk). The 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 decentrally 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 is controlled centrally under policies set by the management board and is 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 planning on a monthly basis is carried out annually under the budget, in addition the operating entities prepare monthly financial plans, which are monitored and consolidated in the Holding. To optimize the liquidity situation, attention is paid to an active working capital management.

In the fiscal year 2007, BRAIN FORCE has taken out a long-term bullet loan in the amount of EUR 10 million, which matures on March 20, 2014. To this end, the consolidated financial statements are measured annually according to Moody's KMV RiskCalc. The deterioration in the measurement according to this system by more than three notches within one year entitles each creditor to terminate the loan agreement, provided that the termination is appropriate considering all economic circumstances. Furthermore, the deterioration below Ba3 entitles each creditor to terminate the loan agreement. The working capital line of credit made available by Erste Bank provides for an equity ratio of more than 30%.

#### 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 minimise the adverse effect on the result in case of defaults by customers, the focus is on expanding the customer base further to reduce these dependencies. In addition, a credit insurance was concluded as of September 1, 2009, and thus the default risk was further reduced.

The write-offs of receivables and allowances for doubtful accounts recognised in the fiscal year 2009/10 amount to approx. 1.0% of total receivables as of September 30, 2010.

#### 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 not exposed to significant foreign exchange risks as part of its operating activities. Approx. 99% of its sales is generated within the Euro zone, the rest in Switzerland, the Czech Republic and the USA. On the assets side, the foreign exchange exposure results from trade receivables not denominated in euro of approx. 1% and, on the liabilities side, from trade payables not denominated in euro of less than 1%.

These and other foreign currency positions are not hedged by derivative financial instruments, because the risk was considered insignificant at the balance sheet date. Thus, any further sensitivity analysis is considered unnecessary.

### Interest rate risk

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

For financial instruments carrying fixed interest rates, a market interest rate is stipulated for the entire period. The risk exists that the market value (present value of future payments, i.e. interest and repayable amount, discounted 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 2010, financial liabilities accounted for 26% of the balance sheet total. The major part of financial liabilities is accounted for by the long-term bullet loan in the amount of EUR 10,000,000 taken out in 2007, which basically carries a fixed interest rate that can only be adjusted in case of a significant change in the credit standing (see liquidity risk). Short-term financial liabilities accounted for 6% of the balance sheet total and, with one exception, carry variable interest rates.

The income and operating cash flows of the BRAIN FORCE Group are largely affected by changes in market interest rates. Cash and cash equivalents are invested on a short-term basis and only into asset-backed instruments of business partners with excellent credit standing.

### Capital risk management

The Group's objectives regarding the capital risk management include securing its going concern to continue to provide the shareholders with income and the other stakeholders with adequate services, and maintaining an optimal capital structure, in order to reduce capital costs. BRAIN FORCE is not subject to statutory capital requirements. The equity ratio amounts to 39% at the balance sheet date (prior year: 35%).

### Derivative financial instruments

In the fiscal year 2009/10, the Group did not use any derivative financial instruments.

### Fair values

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

### (36) Costs for the auditor

The costs for the auditor include: audit of the consolidated financial statements EUR 28,000 (prior year: EUR 32,000), other audit services EUR 9,000 (prior year: EUR 19,000, EUR 10,000 thereof relating to BRAIN FORCE SOFTWARE GmbH, Vienna) and other services EUR 10,975 (prior year: EUR 15,600).

### (37) Earnings per share

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

in EUR	2009/10	1-9/2009
Profit/loss after tax attributable to the equity holders of the parent company	791,272	-4,834,507
Weighted average number of ordinary shares (basic and diluted)	15,386,742	15,386,742
<b>Earnings per share (in EUR)</b>	<b>0,05</b>	<b>-0,31</b>

The consolidated financial statements of the Company will be dealt with in the supervisory board meeting on December 16, 2010. The proposal on profit distribution, which has to be submitted together with the report of the supervisory board, is subject to approval by the annual general meeting.

### (38) 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 2009/10 amounted to EUR 558,232, the variable portion of which was EUR 36,536 (prior year 1-9/2009: EUR 364,286, variable portion of EUR 0). These remunerations include the entitlements of members of the management board earned in the fiscal year and taken through profit and loss.

In addition, expenses for severance payments (contributions to staff provision funds) and pensions for members of the management board in the amount of EUR 22,867 (prior year 1-9/2009: EUR 15,407) were taken through profit and loss.

In the fiscal year 2009/10, remunerations paid to members of the supervisory board in the amount of EUR 56,600 (prior year 1-9/2009: EUR 63,733) were expensed as incurred.

Neither were any loans granted to nor guarantees given for the benefit of members of the management and supervisory board.

By purchase and transfer agreement dated December 16, 2009, all shares of BRAIN FORCE SOFTWARE GmbH, Vienna, were sold to BEKO Engineering & Informatik AG, Nöhagen, Austria. The sales price in the amount of EUR 3.8 million was within the range determined and confirmed by an independent auditor and tax advisor. BEKO Engineering & Informatik AG, Nöhagen, Austria, is a subsidiary of BEKO HOLDING AG, the majority shareholder of BRAIN FORCE HOLDING AG.

BRAIN FORCE was provided with an employee on arm's length terms by HOFER Management GmbH, Vöcklabruck, a company in which the CEO Dr. Michael Hofer holds 100% of the shares, from September 2009 to March 2010 to provide distribution services. In addition, an employee was provided on arm's length terms to implement a customer project. Since October 2009, an agreement has existed with HOFER Management GmbH on the provision of a member of the management board.

With the approval of the supervisory board (with Josef Blazicek abstaining from voting), the Company entered into a mandate agreement with OCEAN Consulting GmbH, Vienna, in August 2009 on the provision of M&A advisory services. The compensation was stipulated at arm's length and was charged upon the conclusion of the transaction in the fiscal year 2009/10. The supervisory board member Josef Blazicek is shareholder of OCEAN Consulting GmbH.

The Company has a service relationship with the associate SolveDirect Service Management GmbH, Vienna, the extent of which has only an insignificant impact on the financial position.

#### (39) 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.

#### (40) Commitments from leasing transactions

Operating lease commitments or rents in EUR	30.9.2010	30.9.2009
Not later than one year	3,249,663	3,942,481
Later than 1 and not later than 5 years	9,309,876	10,275,483
Later than 5 years	2,167,491	2,529,000

#### (41) Employees

	Average		At the balance sheet date	
	2009/10	1-9/2009	30.9.2010	30.9.2009
Number of employees (salaried)	553	761	496	714

#### (42) Events after the balance sheet date

On August 30, 2010, the general meeting of SolveDirect Service Management GmbH, Vienna, decided on a capital increase. The capital increase was registered in the commercial register on October 13, 2010. As a result, the share of BRAIN FORCE HOLDING AG decreased from 81.42 to 76.67%. On November 12, 2010, another capital increase of SolveDirect Service Management GmbH in the amount of EUR 500,000 was resolved. After the registration of this capital increase the share in SolveDirect Service Management GmbH will be 72.45%.



**(43) Authorisation for issue**

These consolidated financial statements were prepared, signed and authorised for issue by the management board at the date indicated below. The separate financial statements of the parent company, which after the adoption of the applicable accounting standards were also included in the consolidated financial statements, 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 December 16, 2010. The supervisory board and, in case of submittal to the general meeting, the shareholders can change these separate financial statements in a way which might also affect the presentation of the consolidated financial statements.

**(44) Members of the management board and supervisory board**

In the fiscal year from October 1, 2009 to September 30, 2010, the following persons served on the **management board**:

- ▶ Dr. Michael Hofer, Vöcklabruck, CEO since October 19, 2009
- ▶ Mag. Thomas Melzer, Vienna, CFO
- ▶ Günter Pridt, Vienna, CEO until October 19, 2009, member of the management board until December 31, 2009

In the fiscal year 2009/10, the following persons served on the **supervisory board**:

- ▶ Dipl.-Ing. Stefan Pierer, Wels, member until February 24, 2010, chairman since February 24, 2010
- ▶ Mag. Friedrich Roithner, Linz, deputy chairman
- ▶ Dr. Christoph Senft, Angerberg, chairman until February 24, 2010, member since February 24, 2010
- ▶ Josef Blazicek, Perchtoldsdorf
- ▶ Mag. Wolfgang M. Hickel, Vienna
- ▶ Dr. Michael Hofer, Vöcklabruck, until October 19, 2009
- ▶ Prof. Ing. Peter Kotauczek, Breitenbrunn am Neusiedler See, until February 24, 2010

With his appointment as CEO as of October 19, 2009, Dr. Michael Hofer resigned from the supervisory board.

Vienna, November 30, 2010

The Management Board:



Dr. Michael Hofer



Mag. Thomas Melzer

## Unqualified Auditor's Report

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BRAIN FORCE HOLDING AG, Vienna, for the fiscal year from October 1, 2009 to September 30, 2010. These consolidated financial statements comprise the consolidated balance sheet as at September 30, 2010, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended September 30, 2010, and the notes.

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

### Auditor's Responsibility 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 in accordance with International Standards on Auditing (ISA), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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, 2010 and of its financial performance and its cash flows for the fiscal year from October 1, 2009 to September 30, 2010 in accordance with International Financial Reporting Standards (IFRSs) 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 30, 2010

PwC INTER-TREUHAND GmbH,  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Mag. Dr. Aslan Milla  
Austrian Certified Public Accountant

# Service

## Locations

### Germany

BRAIN FORCE Software GmbH  
Wilhelm-Wagenfeld-Strasse 30  
80807 Munich  
Phone: +49 89 74 833 0  
Fax: +49 89 74 833 920  
kontakt@brainforce.com  
www.brainforce.de

BRAIN FORCE Software GmbH  
Ohmstrasse 12  
63225 Langen bei Frankfurt  
Phone: +49 6103 906 767  
Fax: +49 6103 906 789  
kontakt@brainforce.com  
www.brainforce.de

BRAIN FORCE Software GmbH  
Im Mediapark 4d  
50670 Cologne  
Phone: +49 221 160 20 0  
Fax: +49 221 160 20 13  
kontakt@brainforce.com  
www.brainforce.de

### Italy

BRAIN FORCE S.p.A.  
Via Alessandro Volta, 16  
20093 Cologno Monzese, MI (Milan)  
Phone: +39 02 254 427 1  
Fax: +39 02 273 009 01  
info@brainforce.it  
www.brainforce.it

BRAIN FORCE S.p.A.  
Via Ticino, 26  
35030 Sarmeola di Rubano, PD  
(Padua)  
Phone: +39 049 897 680 0  
Fax: +39 049 897 538 4  
info@brainforce.it  
www.brainforce.it

BRAIN FORCE S.p.A.  
Via Francesco Gentile, 135  
00173 Rome  
Phone: +39 06 72 910 119  
Fax: +39 06 72 159 74  
info@brainforce.it  
www.brainforce.it

### Netherlands

BRAIN FORCE B.V.  
Kantorenpark de Vendel  
Vendelier 69  
3905 PD Veenendaal  
Phone: +31 318 560 360  
Fax: +31 318 560 370  
info@brainforce.nl  
www.brainforce.nl

### Austria

BRAIN FORCE HOLDING AG  
Karl-Farkas-Gasse 22  
1030 Vienna  
Phone: +43 1 263 0909 0  
Fax: +43 1 263 0909 40  
info@brainforce.com  
www.brainforce.com

BRAIN FORCE GmbH  
Wiener Strasse 51  
3040 Neulengbach  
Phone: +43 2772 55 464 40  
Fax: +43 2772 55 464 911  
office@brainforce.at  
www.brainforce.at

SolveDirect Service Management GmbH  
Karl-Farkas-Gasse 22  
1030 Vienna  
Phone: +43 1 585 3555 - 0  
Fax: +43 1 585 3555 - 111  
office@solvedirect.com  
www.solvedirect.com

### Switzerland

BFS BRAIN FORCE SOFTWARE AG  
Haldenstr. 7  
8124 Maur  
Phone: +41 44 810 2550  
Fax: +43 1 263 0909 40  
info@brainforce.com  
www.brainforce.ch

### Slovakia

BRAIN FORCE SOFTWARE s.r.o.  
Chorvatska 1  
811 00 Bratislava 1  
Phone: +420 224 817 424 6  
Fax: +420 224 817 427  
info@brainforce.cz  
www.brainforce.cz

### Czech Republic

BRAIN FORCE SOFTWARE s.r.o.  
Malá Štěpánská 1929  
120 00 Prague 2  
Phone: +420 296 331 11  
Fax: +420 296 331 112  
info@brainforce.cz  
www.brainforce.cz

### USA

SolveDirect Service Management Inc.  
440 N Wolf Road  
Sunnyvale, CA 94085  
Phone: +1 408 524 1676  
Fax: +1 408 762 2010  
office@solvedirect.com  
www.solvedirect.com

## Glossary

**ATX:** „Austrian Traded Price Index“; benchmark index of the Vienna Stock Exchange

**BRAIN FORCE CRM:** CRM solution for financial service providers, focusing on the campaign management and sales information systems modules

**BRAIN FORCE Finanzanalyse Center:** Integrated analysis solution enabling financial consulting of private and corporate customers

**BRAIN FORCE FINAS Suite:** Front office solutions for financial service providers

**BRAIN FORCE Fördercenter:** Software designed to calculate state incentives for pension plan products

**BRAIN FORCE Infrastructure Framework:** An accumulation of best practice approaches for optimally installing a basic infrastructure

**BRAIN FORCE Packaging Robot:** Solution from best practice methodologies and software tools for automated software packaging

**BRAIN FORCE Workspace Manager:** Solution to standardize working environments on PCs, notebooks and servers

**Capital Employed:** Equity and interest-bearing debt less liquid funds and financial assets = the entire interest-bearing capital applied in the company

**Cash-flow:** Earnings indicator for corporate analyses – describes the increase in cash and cash equivalents in an accounting period

**CFROI:** „Cash-flow Return on Investment“; ratio of operating EBITDA to average historical capital employed

**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.

**CRM:** „Customer Relationship Management“; documentation and management of customer relations

**DAX:** „Deutscher Aktien Index“; the benchmark index of the German Stock Exchange

**DSO:** „Day Sales Outstanding“; average time customer receivables remain outstanding

**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-Margin:** EBITDA in relation to revenues

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

**Return on equity:** Financial indicator for the ratio of profit after tax to average equity

**EPS:** „Earnings per share“; Profit after tax divided by the weighted number of shares less treasury stock

**Equity method:** Valuation method in Group accounting for equity stakes of between 20% and 50%

**ERP:** „Enterprise Resource Planning“; application software for resource planning in by companies

**FFO:** „Funds From Operations“; Gross cash flow

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

**Gearing:** Ratio of net debt to equity

**Goodwill:** Positive difference between the acquisition price and the net worth of an acquired company

**Historical capital employed:** Capital employed + accumulated depreciation and amortization

**IFRS:** International Financial Reporting Standards

**Infrastructure Optimization:** Solutions enabling companies to achieve a more manageable and efficient IT infrastructure

**Interest cover:** Ratio of operating EBITDA to the net interest result, showing how often the operating result of a company can pay for the interest expense

**ICT:** Information and communication technology

**Jupiter:** Asset management solution for banks  
**Managed Services:** Adoption of IT processes by customers

**P/E ratio:** price-earnings ratio, the yardstick underlying the valuation of a share on the capital market

**Deferred taxes:** Temporary differences between the tax bases and the IFRS balance sheet lead to deferred taxes

**Microsoft Dynamics:** Business solutions developed by Microsoft (ERP and CRM)

**Microsoft Dynamics NAV:** „Microsoft Dynamics Navision“, ERP solution for medium-sized enterprises

**Net debt:** Balance of financial liabilities less cash and cash equivalents

**NOPAT:** „Net Operating Profit After Tax“

**OTC:** Over-the-counter trading among financial market participants outside of the organized market

**Process Optimization:** BRAIN FORCE business area encompassing solutions for business-critical processes

**Professional Services:** Recruitment and supply of IT experts

**Rebecca:** Solution for credit processing

**ROCE:** „Return on Capital Employed“; ratio of NOPAT to the average capital employed

**SaaS:** „Software as a Service“; a business model featuring a philosophy making software available as a service based on Internet technologies

**SD.bridge:** Centralized application to link service partners

**SD.cube:** Central application for all internal and external IT service processes

**ServiceDesk SD2:** Complete solution to more efficiently manage customer inquiries

**Tap:** „Test Access Port“; solution to analyze high speed networks

**TECDAX:** German share index for technology companies

**Treasury:** Corporate function designed to secure financing, manage financial risk and the cash management of the Group

**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 – trade payables – non-current other liabilities

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the possibility to be included in the  
distribution list can also be obtained  
under:  
T +43 (1) 263 09 09 0 or  
info@brainforce.com

Financial Calendar

Date	Event
December 21, 2010	Annual Report 2009/10 and press conference
February 16, 2011	Report on the first quarter of 2010/11
March 2, 2011	13th Annual General Meeting
March 4, 2011	Ex-dividend day 2010/11
March 7, 2011	1st dividend payment day for 2010/11
May 12, 2011	Six months report 2010/11
August 18, 2011	Report on the first three quarters of 2010/11
December 21, 2011	Annual report 2010/11 and press conference

**Imprint**

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Our warmest thanks go in particular to all the staff involved in  
the making of this annual report.



# Key Data 2005 – 2009/10

Earnings Data		2005	2006	2007	2008 <sup>1)</sup>	Short fiscal year 1-9/2009	2009/10
<b>Revenues</b>	<b>in € 1,000</b>	<b>76,618</b>	<b>88,531</b>	<b>98,333</b>	<b>106,208</b>	<b>61,690</b>	<b>69,589</b>
EBITDA	in € 1,000	6,048	6,514	346	7,793	-200	5,657
<b>Operating EBITDA <sup>2)</sup></b>	<b>in € 1,000</b>	<b>6,048</b>	<b>7,463</b>	<b>2,457</b>	<b>7,793</b>	<b>1,183</b>	<b>1,147</b>
Operating EBITDA margin	in %	7,9	8,4	2,5	7,3	1,9	1.6
EBIT	in € 1,000	3,581	2,918	-16,683	3,832	-2,886	2,861
<b>Operating EBIT <sup>2)</sup></b>	<b>in € 1,000</b>	<b>3,581</b>	<b>3,867</b>	<b>-2,526</b>	<b>3,832</b>	<b>-1,503</b>	<b>-1,649</b>
Operating EBIT margin	in %	4,7	4,4	-2,6	3,6	-2,4	-2.4
Profit before tax	in € 1,000	3,678	3,230	-17,910	2,384	-3,147	327
<b>Profit after tax <sup>3)</sup></b>	<b>in € 1,000</b>	<b>3,028</b>	<b>4,173</b>	<b>-19,915</b>	<b>-2,101 <sup>4)</sup></b>	<b>-2,407</b>	<b>924</b>
<b>Free cash flow</b>	<b>in € 1,000</b>	<b>1,587</b>	<b>4,517</b>	<b>-4,640</b>	<b>3,857</b>	<b>68</b>	<b>-2,169</b>

Balance Sheet Data		2005	2006	2007	2008 <sup>1)</sup>	Short fiscal year 1-9/2009	2009/10
<b>Equity</b>	<b>in € 1,000</b>	<b>32,108</b>	<b>48,093</b>	<b>26,265</b>	<b>24,149</b>	<b>19,315</b>	<b>20,110</b>
Net debt	in € 1,000	-5,603	-10,987	6,532	4,889	5,647	9,038
Total Investments	in € 1,000	8,179	13,973	9,750	4,668	2,125	2,640
Working Capital	in € 1,000	7,703	7,141	6,450	5,638	2,829	3,295
Capital employed	in € 1,000	26,505	37,106	32,797	29,039	24,962	29,148
Balance sheet total	in € 1,000	63,624	81,580	74,342	66,311	54,450	51,052
Gearing	in %	-17.4	-22.8	24.9	20.2	29.2	44.9
Interest cover <sup>5)</sup>		405.1	56.1	3.5	9.3	4.4	1.6
Net debt / Operating EBITDA <sup>5)</sup>		-0.9	-1.5	2.7	0.6	1.6	7.9
Employees (balance sheet date)		1.101	1.172	1.146	1.129	978	713

Performance Key Data		2005	2006	2007	2008 <sup>1)</sup>	Short fiscal year 1-9/2009	2009/10
Equity ratio	in %	9.8	10.4	-53.6	-8.3	n.a. <sup>7)</sup>	4.0
ROCE	in %	15.1	15.0	-13.5	5.7 <sup>6)</sup>	n.a. <sup>7)</sup>	n.s. <sup>7)</sup>
CFROI	in %	22.7	18.5	4.6	14.7	n.a. <sup>7)</sup>	2.0

Stock Exchange Data		2005	2006	2007	2008 <sup>1)</sup>	Short fiscal year 1-9/2009	2009/10
Earnings per share	in €	0.30	0.30	-1.29	-0.14	-0.15	0.05
<b>Adjusted earnings per share <sup>8)</sup></b>	<b>in €</b>	<b>0.30</b>	<b>0.34</b>	<b>-0.47</b>	<b>0.09</b>	<b>-0.11</b>	<b>-0.26</b>
Dividend per share	in €	0.08	0.10	0.00	0.00	0.00	0.00
Dividend	in € 1,000	820	1,506	0	0	0	0
Free Cash flow per share	in €	0.16	0.32	-0.30	0.25	0.00	-0.14
Equity per share	in €	3.13	3.13	1.71	1.57	1.26	1.31
Share price at year-end	in €	3.45	3.15	1.92	1.89	1.20	1.00
Shares outstanding (weighted)	in 1,000	10,162	14,025	15,387	15,387	15,387	15,387
<b>Market capitalization at year-end</b>	<b>in € 1,000</b>	<b>35,058</b>	<b>44,179</b>	<b>29,543</b>	<b>29,081</b>	<b>18,464</b>	<b>15,387</b>

1) As reported in 2008, inclusive figures from discontinued operations in 2009

2) Adjusted for restructuring costs as well as other non-recurring income and expense

3) Attributable to equity holders of the parent company

4) Including a non-recurring tax effect of € -2.9 million

5) Calculated on the basis of operating EBITDA over the last 12 months

6) Adjusted for a non-recurring tax effect of € -2.9 million

7) Not appropriate due to short fiscal year

8) Adjusted for restructuring costs as well as other non-recurring income and expense and in 2009 also for the result of discontinued operation



# Jahresabschluss zum 30. September 2010 nach österreichischem UGB

**BRAIN FORCE HOLDING AG**

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## Bilanz zum 30. September 2010

## A k t i v a

## P a s s i v a

	30.9.2010	30.9.2009		30.9.2010	30.9.2009
	EUR	TEUR		EUR	TEUR
<b>A. Anlagevermögen</b>			<b>A. Eigenkapital</b>		
I. Immaterielle Vermögensgegenstände			I. Grundkapital	15.386.742,00	15.387
Software und Markenrechte	5.356,26	8	II. Kapitalrücklagen		
			gebundene	15.065.600,73	16.408
II. Sachanlagen			III. Bilanzgewinn, davon Gewinnvortrag EUR 0,00	0,00	0
1. Bauten auf fremdem Grund	58.231,55	64	(Vorjahr: TEUR 530)		
2. andere Anlagen, Betriebs- und Geschäftsausstattung	66.369,58	55		30.452.342,73	31.795
	124.601,13	119			
III. Finanzanlagen			<b>B. Rückstellungen</b>		
1. Anteile an verbundenen Unternehmen	26.610.038,63	39.461	1. Rückstellungen für Abfertigungen	58.310,00	55
2. Beteiligungen	11.185.507,81	0	2. sonstige Rückstellungen	183.828,77	391
3. Wertpapiere des Anlagevermögens	32.753,70	33		242.138,77	446
	37.828.300,14	39.494			
	37.958.257,53	39.621	<b>C. Verbindlichkeiten</b>		
<b>B. Umlaufvermögen</b>			1. Verbindlichkeiten gegenüber Kreditinstituten	12.364.932,81	10.000
I. Forderungen und sonstige Vermögensgegenstände			2. Verbindlichkeiten aus Lieferungen und Leistungen	175.134,66	123
1. Forderungen aus Lieferungen und Leistungen	25.678,25	23	3. Verbindlichkeiten gegenüber verbundenen Unternehmen	1.223.509,07	3.007
2. Forderungen gegenüber verbundenen Unternehmen	4.294.749,65	5.104	4. sonstige Verbindlichkeiten,	60.726,06	410
3. sonstige Forderungen und Vermögensgegenstände	97.915,22	51	davon aus Steuern EUR 19.904,99 (Vorjahr: TEUR 42),		
	4.418.343,12	5.178	davon im Rahmen der sozialen Sicherheit EUR 10.616,07		
			(Vorjahr: TEUR 16)		
II. Kassenbestand, Guthaben bei Kreditinstituten	2.088.324,47	910		13.824.302,60	13.540
	6.506.667,59	6.088			
			<b>D. Rechnungsabgrenzungsposten</b>		
<b>C. Rechnungsabgrenzungsposten</b>				19.797,16	19
	73.656,14	91			
	44.538.581,26	45.800		44.538.581,26	45.800
			<b>Eventualverbindlichkeiten</b>	699.093,64	1.897

**Gewinn- und Verlustrechnung für das Geschäftsjahr  
vom 1. Oktober 2009 bis 30. September 2010**

	1.10.2009 - 30.9.2010	1.1.- 30.9.2009
	EUR	TEUR
1. Umsatzerlöse	1.941.371,40	1.831
2. sonstige betriebliche Erträge		
a) Erträge aus der Auflösung von Rückstellungen	52.477,00	160
b) übrige	638.202,00	645
	690.679,00	805
3. Aufwendungen für sonstige bezogene Leistungen	-79.976,09	0
4. Personalaufwand		
a) Gehälter	-870.411,63	-855
b) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen	-13.928,79	-18
c) Aufwendungen für Altersversorgung	-23.798,89	-13
d) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	-182.934,41	-158
e) sonstige Sozialaufwendungen	-8.079,38	-3
	-1.099.153,10	-1.047
5. Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	-64.138,94	-94
6. sonstige betriebliche Aufwendungen		
a) Steuern, soweit sie nicht unter Z 14 fallen	-3.663,11	-23
b) übrige	-1.819.407,43	-1.050
	-1.823.070,54	-1.073
<b>7. Zwischensumme aus Z 1 bis 6 (Betriebsergebnis)</b>	<b>-434.288,27</b>	<b>422</b>
8. sonstige Zinsen und ähnliche Erträge, davon aus verbundenen Unternehmen EUR 111.999,69 (Vorjahr: TEUR 102)	113.659,73	102
9. Erträge aus dem Abgang von Finanzanlagen	1.564.650,00	355
10. Aufwendungen aus Finanzanlagen, davon	-1.963.000,00	-3.933
a) Abschreibungen EUR 1.963.000,00 (Vorjahr: TEUR 3.933)		
b) Aufwendungen aus verbundenen Unternehmen EUR 1.963.000,00 (Vorjahr: TEUR 3.933)		
11. Zinsen und ähnliche Aufwendungen, davon aus verbundenen Unternehmen EUR 4.984,01 (Vorjahr: TEUR 10)	-623.777,47	-472
<b>12. Zwischensumme aus Z 8 bis 11 (Finanzergebnis)</b>	<b>-908.467,74</b>	<b>-3.948</b>
<b>13. Ergebnis der gewöhnlichen Geschäftstätigkeit</b>	<b>-1.342.756,01</b>	<b>-3.526</b>
14. Steuern vom Einkommen und vom Ertrag, davon Steuerumlage an Gruppenmitglied EUR 0,00 (Vorjahr: TEUR -164)	0,00	-164
<b>15. Jahresfehlbetrag</b>	<b>-1.342.756,01</b>	<b>-3.690</b>
16. Auflösung von Kapitalrücklagen	1.342.756,01	3.160
<b>17. Jahresverlust</b>	<b>0,00</b>	<b>-530</b>
18. Gewinnvortrag aus dem Vorjahr	0,00	530
<b>19. Bilanzgewinn</b>	<b>0,00</b>	<b>0</b>



## **Anhang für das Geschäftsjahr vom 1. Oktober 2009 bis 30. September 2010**

### **A. Bilanzierungs- und Bewertungsmethoden**

#### **Allgemeine Grundsätze**

Auf den vorliegenden Jahresabschluss zum 30. September 2010 wurden die Rechnungslegungsbestimmungen des Unternehmensgesetzbuches in der geltenden Fassung angewandt.

Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und Bilanzierung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt.

Bei der Erstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit eingehalten.

Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurde der Grundsatz der Einzelbewertung beachtet und eine Fortführung des Unternehmens unterstellt.

Dem Vorsichtsprinzip wurde dadurch Rechnung getragen, dass nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen werden. Alle erkennbaren Risiken und drohenden Verluste wurden berücksichtigt.

Die Gewinn- und Verlustrechnung wird nach dem Gesamtkostenverfahren erstellt. Der Vorjahresvergleich ist nur beschränkt aussagekräftig, da die vorangegangene Berichtsperiode ein Rumpfgeschäftsjahr (1. Jänner bis 30. September 2009) darstellte.

#### **Anlagevermögen**

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

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

Für Zugänge während der ersten Hälfte des Geschäftsjahres wird die volle Jahresabschreibung, für Zugänge während der zweiten Hälfte des Geschäftsjahres die halbe Jahresabschreibung verrechnet.

**Geringwertige Vermögensgegenstände** des Anlagevermögens mit Einzelanschaffungswerten von bis zu EUR 400 werden im Zugangsjahr voll abgeschrieben und im Anlagenspiegel als Zugang und Abgang dargestellt.

Die **Finanzanlagen** sind mit den Anschaffungskosten bzw. bei wesentlicher Wertminderung mit den niedrigeren Börsenkursen bzw. dem niedrigeren beizulegenden Wert zum Bilanzstichtag bewertet.

### **Umlaufvermögen**

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

Forderungen in Fremdwährung werden mit dem Entstehungskurs oder mit dem für die Bilanzierung niedrigeren Stichtagskurs bewertet.

**Kassenbestand und Guthaben bei Kreditinstituten** werden zum Nennwert bewertet. Auf Fremdwährung lautende Guthaben bei Kreditinstituten werden mit dem Entstehungskurs oder dem niedrigeren Kurs zum Bilanzstichtag bilanziert.

### **Rückstellungen**

Die Rückstellungen werden unter Bedachtnahme auf den Grundsatz der unternehmerischen Vorsicht in Höhe des voraussichtlichen Anfalls gebildet.

Die Bilanzierung der **Rückstellungen für Abfertigungen** nach versicherungsmathematischen Grundsätzen erfolgt gemäß den Richtlinien der „International Financial Reporting Standards“ (IFRS) nach der sogenannten „Methode der laufenden Einmalprämien“ nach IAS 19.

Die Berechnung erfolgte auf Basis eines Rechnungszinssatzes von 4,75 % (Vorjahr: 5,50 %) und einer wie im Vorjahr 3%igen Gehaltssteigerung. Für die Berechnung der Rückstellungen wurden die Rechnungsgrundlagen AVÖ 2008-P verwendet. Das Pensionseintrittsalter wurde bei den Rückstellungen für Abfertigungen gemäß Pensionsreform 2004 angesetzt. Die Annahmen für die Fluktuation erfolgten auf Basis von Erfahrungswerten.

Auf Basis der getroffenen versicherungsmathematischen Annahmen wurde der Barwert der leistungsorientierten zukünftigen Verpflichtungen errechnet. Im Rahmen der Bewertung und Erfassung der Rückstellung sieht IAS 19 vor, dass im Rahmen der Bewertung aufgetretene versicherungsmathematische Gewinne oder Verluste nicht berücksichtigt werden müssen, soweit der Gesamtbetrag der versicherungsmathematischen Gewinne oder Verluste 10 % (= Korridor) des Barwertes der Verpflichtung nicht übersteigt. Übersteigt der Betrag der nicht angesetzten versicherungsmathematischen Gewinne oder Verluste den Korridor, so ist der übersteigende Betrag erfolgswirksam verteilt über die Restdienstzeit der aktiven Dienstnehmer zu buchen.

Die Anwendung der Korridormethode gemäß IAS 19 führte bei den Rückstellungen für Abfertigungen zu im Bilanzansatz nicht berücksichtigten versicherungsmathematischen Gewinnen in Höhe von EUR 24.878 (Vorjahr: EUR 28.316).

### **Verbindlichkeiten**

Die Bewertung der **Verbindlichkeiten** erfolgte mit dem Rückzahlungsbetrag unter Bedachtnahme auf den Grundsatz der Vorsicht.

Fremdwährungsverbindlichkeiten wurden mit dem Entstehungskurs oder mit dem höheren Kurs zum Bilanzstichtag angesetzt.

**B. Erläuterungen zu Posten der Bilanz****A k t i v a****Anlagevermögen**

Entwicklung des Anlagevermögens:

	Anschaffungs-/Herstellungskosten					kumulierte Abschrei- bungen	Restbuchwerte		Abschreibungen des laufenden Geschäftsjahres
	Stand 1.10.2009	Zugänge	Abgänge	Umbuchungen	Stand 30.9.2010		Stand 30.9.2010	Stand 30.9.2009	
	EUR	EUR	EUR	EUR	EUR		EUR	EUR	EUR
<b>Anlagevermögen</b>									
<b>I. Immaterielle Vermögensgegenstände</b>									
Software und Markenrechte	475.510,63	5.699,73	0,00	0,00	481.210,36	475.854,10	5.356,26	8.076,96	8.420,43
<b>II. Sachanlagen</b>									
1. Bauten auf fremdem Grund	77.465,59	12.712,00	0,00	0,00	90.177,59	31.946,04	58.231,55	63.555,07	18.035,52
2. andere Anlagen, Betriebs- und Geschäfts- ausstattung *)	304.156,54	48.928,87	1.912,93	0,00	351.172,48	284.802,90	66.369,58	55.123,70	37.682,99
	381.622,13	61.640,87	1.912,93	0,00	441.350,07	316.748,94	124.601,13	118.678,77	55.718,51
<b>III. Finanzanlagen</b>									
1. Anteile an verbundenen Unternehmen	62.179.300,78	2.532.083,97	2.235.350,00	-11.185.507,81	51.290.526,94	24.680.488,31	26.610.038,63	39.461.812,47	1.963.000,00
2. Beteiligungen	0,00	0,00	0,00	11.185.507,81	11.185.507,81	0,00	11.185.507,81	0,00	0,00
3. Wertpapiere des Anlagevermögens	35.030,28	0,00	0,00	0,00	35.030,28	2.276,58	32.753,70	32.753,70	0,00
	62.214.331,06	2.532.083,97	2.235.350,00	0,00	62.511.065,03	24.682.764,89	37.828.300,14	39.494.566,17	1.963.000,00
	63.071.463,82	2.599.424,57	2.237.262,93	0,00	63.433.625,46	25.475.367,93	37.958.257,53	39.621.321,90	2.027.138,94

\*) davon geringwertige Vermögensgegenstände  
gemäß § 13 EStG

1.912,93 1.912,93

1.912,93

## Immaterielle Vermögensgegenstände

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

Im Geschäftsjahr wurden immaterielle Vermögensgegenstände zu Anschaffungskosten in Höhe von EUR 3.037 von verbundenen Unternehmen erworben (Vorjahr: TEUR 0).

## Sachanlagen

Den linear vorgenommenen Abschreibungen liegen folgende Nutzungsdauern zugrunde:

	Jahre
EDV-Anlagen	3 - 5
Büromaschinen	3 - 5
sonstige Büroeinrichtung	5 - 10

## Finanzanlagen

Im Bereich der **Anteile an verbundenen Unternehmen** setzen sich die Zugänge in Höhe von EUR 2.532.084 (Vorjahr: TEUR 0) wie folgt zusammen:

	30.9.2010 EUR
Erwerb 100 % Anteile an der INISYS Software-Consulting Ges.m.b.H., Neulengbach	1.266.160
Erwerb 0,5 % Anteile an der Brain Force Software s.r.o., Bratislava, Slowakei	924
BRAIN FORCE S.p.A., Mailand, Italien	1.265.000
	<u>2.532.084</u>

Mit Anteilskauf- und Abtretungsvertrag vom 25. Februar 2010 hat die BRAIN FORCE HOLDING AG sämtliche Geschäftsanteile an der INISYS Software-Consulting Ges.m.b.H. übernommen. Mit Eintragung ins Firmenbuch per 5. August 2010 wurde die Gesellschaft in BRAIN FORCE GmbH umfirmiert.

Im Geschäftsjahr 2009/10 wurden die bisher von der BRAIN FORCE SOFTWARE GmbH, Wien, gehaltenen 0,5-%-Anteile an der Brain Force Software s.r.o., Bratislava, Slowakei, erworben.

Die Erhöhung des Anteils an der BRAIN FORCE S.p.A., Mailand, resultiert aus einer sonstigen Zuzahlung durch die BRAIN FORCE HOLDING AG.

Der Abgang im Bereich der **Anteile an verbundenen Unternehmen** in Höhe von EUR 2.235.350 betrifft den Verkauf der BRAIN FORCE SOFTWARE GmbH, Wien, die mit Abtretungsvertrag vom 16. Dezember 2009 an die BEKO Engineering & Informatik AG, Nöhhagen, verkauft wurde.

Die Abschreibung von Anteilen an verbundenen Unternehmen in Höhe von EUR 1.963.000 resultiert aus der Anpassung an einen niedrigeren beizulegenden Zeitwert der Anteile an der BRAIN FORCE B.V., Veenendaal, Niederlande. Aufgrund der deutlichen Verschlechterung der wirtschaftlichen Rahmenbedingungen musste die niederländische Gesellschaft weitreichende Restrukturierungsmaßnahmen setzen. Dadurch ist in den zukünftigen Perioden mit einer deutlich geringeren Ergebnisentwicklung zu rechnen.

Der Posten **Beteiligungen** setzt sich aus dem 81,42%-Anteil an der SolveDirect Service Management GmbH, Wien, zusammen. Am 25. November 2009 hat die BRAIN FORCE HOLDING AG als Alleingesellschafter der BRAIN FORCE SOFTWARE GmbH, Wien, im Rahmen einer außerordentlichen Generalversammlung die Abspaltung des Teilbetriebes „SolveDirect“ auf eine neu entstehende Kapitalgesellschaft beschlossen. Die Eintragung der SolveDirect Service Management GmbH, Wien, ins Firmenbuch erfolgte am 3. Dezember 2009. In weiterer Folge wurde mit dem 3TS Cisco Growth Fund ein Beteiligungsvertrag geschlossen. Das Investment des auf Wachstumsunternehmen spezialisierten Fonds wird durch mehrere Kapitalerhöhungen in der SolveDirect Service Management GmbH erfolgen, bei denen die BRAIN FORCE HOLDING AG nicht mitzieht. Aufgrund der im Beteiligungsvertrag festgelegten Aufsichts- und Kontrollbefugnisse erfolgt im Geschäftsjahr 2009/10 der Ausweis der an der SolveDirect Service Management GmbH gehaltenen Anteile als Beteiligung.

## **Umlaufvermögen**

### **Forderungen und sonstige Vermögensgegenstände**

In den Forderungen und sonstigen Vermögensgegenständen sind Forderungen in Höhe von EUR 542.578 (Vorjahr: TEUR 746) enthalten, die eine Restlaufzeit von mehr als einem Jahr aufweisen.

Die Forderungen gegenüber verbundenen Unternehmen bestehen in Höhe von EUR 2.903.269 (Vorjahr: TEUR 2.473) aus Darlehen. Im Vorjahr war eine Forderung in Höhe von TEUR 601 aus unbaren Entnahmen im Rahmen eines Umgründungsvorganges enthalten. Die restlichen Forderungen gegenüber verbundenen Unternehmen betreffen Lieferungen und Leistungen in Höhe von EUR 1.091.283 (Vorjahr: TEUR 2.030) sowie in Verbindung mit Cash-Pooling-Vereinbarungen stehende Forderungen in Höhe von EUR 300.198 (Vorjahr: TEUR 0).

In den sonstigen Forderungen sind wie im Vorjahr keine Erträge enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden.



## Passiva

### Eigenkapital

#### Grundkapital

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

Die Aktien der Gesellschaft notieren an der Wiener Börse.

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

Das Grundkapital und die Kapitalrücklagen haben sich wie folgt entwickelt:

	Grundkapital EUR	gebundene Kapital- rücklagen EUR
Stand 1.10.2009	15.386.742	16.408.357
Auflösung der gebundenen Kapitalrücklage zur Verlustabdeckung	0	-1.342.756
Stand 30.9.2010	<u>15.386.742</u>	<u>15.065.601</u>

#### Rückstellungen

Die **sonstigen Rückstellungen** enthalten folgende Posten:

	30.9.2010 EUR	30.9.2009 TEUR
gesetzliche Sonderzahlungen	27.117	43
nicht konsumierte Urlaube	10.473	13
Prämien	52.806	109
Wirtschaftsprüfung und Beratung	37.660	111
übrige	55.773	115
	<u>183.829</u>	<u>391</u>

#### Verbindlichkeiten

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

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

Die Verbindlichkeiten gegenüber verbundenen Unternehmen resultieren aus Lieferungen und Leistungen in Höhe von EUR 129.067 (Vorjahr: TEUR 238), die wie im Vorjahr eine Restlaufzeit von unter einem Jahr ausweisen. EUR 1.094.442 (Vorjahr: TEUR 2.681) entfallen auf Verbindlichkeiten in Verbindung mit Cash-Pooling-Vereinbarungen, deren Laufzeiten unter 12 Monaten liegen. Im Vorjahr war zudem eine Verbindlichkeit aus Steuerumlage in Höhe von TEUR 88 enthalten.

In den sonstigen Verbindlichkeiten sind Aufwendungen in Höhe von EUR 60.726 (Vorjahr: TEUR 332) enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden.

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

### **Umsatzerlöse**

Im Geschäftsjahr 2009/10 wurden Umsatzerlöse aus Dienstleistungen und aus der Verrechnung von Markenlizenzentgelten an Beteiligungsunternehmen sowie Wartungs- und Projekterlöse im Bereich Process Optimization erzielt.

Von den Umsatzerlösen in Höhe von EUR 1.941.371 (Vorjahr: TEUR 1.831) wurden EUR 201.563 (Vorjahr: TEUR 280) im Inland erwirtschaftet. Weitere EUR 1.738.442 (Vorjahr: TEUR 1.544) wurden in übrigen Ländern der Europäischen Union bzw. EUR 1.366 (Vorjahr: TEUR 7) in Nicht-EU-Ländern erzielt.

### **Steuern vom Einkommen und vom Ertrag**

Die Gesellschaft war bis zum 30. September 2009 Gruppenträger einer Unternehmensgruppe nach § 9 KStG und hatte mit dem Gruppenmitglied, der BRAIN FORCE SOFTWARE GmbH, Wien, einen Steuerumlagevertrag geschlossen. Aufgrund des Verkaufs der BRAIN FORCE SOFTWARE GmbH, Wien, war der Steuerumlagevertrag aufzulösen. Die auf Basis der Belastungsmethode ermittelte Steuerumlage für das vorangegangene Geschäftsjahr vom 1. Jänner bis 30. September 2009 sah eine Steuerentlastung an das Gruppenmitglied in Höhe von EUR 163.563 vor.

Der aufgrund der zeitlichen Differenzen gemäß § 198 Abs. 10 UGB aktivierbare Betrag beträgt ohne Berücksichtigung des steuerlich entstandenen Verlustes bzw. der voraussichtlichen Nutzbarkeit EUR 918.224 (Vorjahr: TEUR 1.843) und resultiert vorwiegend aus der unterschiedlichen Behandlung von außerplanmäßigen Abschreibungen auf Beteiligungen.

## D. Sonstige Angaben

### Beteiligungsverhältnisse

Name/Sitz	Anteil am Kapital	Eigenkapital zum 30.9.2010	Jahres- ergebnis
	%	EUR	EUR
BRAIN FORCE Software GmbH, München, Deutschland	100	907.232	-1.478.284
BRAIN FORCE S.p.A., Mailand, Italien	100	975.129	-858.800
BFS Brain Force Software AG, Maur, Schweiz <sup>1)</sup>	100	-255.072	-203.472
BRAIN FORCE B.V., Veenendaal, Niederlande	100	565.366	-1.472.840
BRAIN FORCE Network Solutions B.V., Veenendaal, Niederlande	100	-198.582	25.353
BRAIN FORCE SOFTWARE s.r.o., Prag, Tschechien	100	288.076	69.030
BRAIN FORCE GmbH, Neulengbach	100	46.170	-73.830
SolveDirect Service Management GmbH, Wien	81,42	1.931.795	-861.033

### Beziehungen zu verbundenen Unternehmen

Verbundene Unternehmen im Sinne des § 228 Abs. 3 UGB sind alle Unternehmen, die im Geschäftsjahr 2009/10 dem Konzern der BEKO HOLDING AG, Nöhagen, angehören. Geschäfte mit diesen Gesellschaften werden wie mit unabhängigen Dritten abgewickelt.

### Aufwendungen für den Abschlussprüfer

Die Aufwendungen für den Abschlussprüfer setzen sich zusammen aus: Prüfung Jahresabschluss EUR 9.000 (Vorjahr: TEUR 9), sonstige Prüfungsleistungen (Konzern) EUR 28.000 (Vorjahr: TEUR 32) und sonstige Leistungen EUR 10.975 (Vorjahr: TEUR 16).

### Konsolidierungskreis

Die BRAIN FORCE HOLDING AG, Wien, ist mehrheitlich im Besitz der BEKO HOLDING AG, Nöhagen, die die oberste Konzerngesellschaft darstellt.

### Haftungsverhältnisse

Mit der BFS Brain Force Software AG, Maur, Schweiz, wurde eine Rangrücktrittsvereinbarung basierend auf Forderungen der BRAIN FORCE HOLDING AG abgeschlossen. Der Umfang des vom Rangrücktritt erfassten Betrages ist EUR 142.578 (Vorjahr: TEUR 84). Eine Begleichung der Forderung durch die BFS Brain Force Software

AG, Maur, Schweiz, ist nach Schweizer Recht erst möglich, wenn keine Besorgnis der Überschuldung mehr vorliegt.

Im Geschäftsjahr 2009/10 hat die BRAIN FORCE HOLDING AG der BRAIN FORCE B.V., Veendendaal, Niederlande, zur Finanzierung der Restrukturierungsmaßnahmen ein nachrangiges Darlehen in Höhe von EUR 400.000 gewährt.

Gegenüber der Volksbank Dreieich eG hat die BRAIN FORCE HOLDING AG eine selbstschuldnerische Bürgschaft zur Sicherung der bestehenden Forderungen der Bank gegenüber der BRAIN FORCE Software GmbH, München, Deutschland, übernommen. Zum 30. September 2010 beträgt die Forderung der Volksbank Dreieich eG EUR 156.516 (Vorjahr: TEUR 313).

Die per 30. September 2009 gegenüber der Deutsche Bank AG, München, Deutschland, abgegebene Zahlungsgarantie für eine Finanzierungsverbindlichkeit der BRAIN FORCE Software GmbH, München, Deutschland, in Höhe von EUR 1.500.000 wurde aufgelöst.

### **Sonstige finanzielle Verpflichtungen**

Finanzielle Verpflichtungen der Gesellschaft aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen des folgenden Geschäftsjahres betragen EUR 176.848 (Vorjahr: TEUR 442) und der Gesamtbetrag der folgenden fünf Jahre beläuft sich auf insgesamt EUR 1.156.108 (Vorjahr: TEUR 1.927).

### **Geschäfte mit nahestehenden Unternehmen und Personen**

Mit Kauf- und Abtretungsvertrag vom 16. Dezember 2009 wurden sämtliche Anteile der BRAIN FORCE SOFTWARE GmbH, Wien, an die BEKO Engineering & Informatik AG, Nöhagen, Österreich, verkauft. Der Verkaufspreis betrug EUR 3,8 Mio. und lag innerhalb der Bandbreite, die von einem unabhängigen Wirtschaftsprüfer und Steuerberater objektiviert ermittelt wurde. Die BEKO Engineering & Informatik AG, Nöhagen, Österreich, ist eine Tochtergesellschaft der BEKO HOLDING AG, dem Mehrheitseigentümer der BRAIN FORCE HOLDING AG.

Die BRAIN FORCE HOLDING AG hat von der HOFER Management GmbH, Vöcklabruck, Österreich, einer Gesellschaft, an der der Vorstandsvorsitzende Dr. Michael Hofer zu 100 % beteiligt ist, von Dezember 2009 bis Februar 2010 zur Erbringung von Vertriebsleistungen einen Mitarbeiter zu marktüblichen Konditionen zur Verfügung gestellt bekommen. Weiters besteht mit der HOFER Management GmbH seit Oktober 2009 eine Überlassungsvereinbarung über die Zurverfügungstellung eines Vorstandsmitgliedes. Das im Geschäftsjahr 2009/10 abgerechnete Beratungshonorar beläuft sich auf EUR 265.232 und wird in den sonstigen betrieblichen Aufwendungen (Beratungsleistungen) ausgewiesen.

Mit Genehmigung des Aufsichtsrates (bei Stimmenthaltung von Josef Blazicek) hat die Gesellschaft im August 2009 mit der OCEAN Consulting GmbH, Wien, einen Mandatsvertrag zur Erbringung von M&A-Beratungsleistungen abgeschlossen. Das Entgelt entsprach branchenüblichen Standards und wurde mit Abschluss der Transaktion im Geschäftsjahr 2009/10 abgerechnet. Das Aufsichtsratsmitglied Josef Blazicek ist Gesellschafter der OCEAN Consulting GmbH.

### **Pflichtangaben über Organe und Arbeitnehmer**

Die durchschnittliche Zahl der Arbeitnehmer (= Angestellte) betrug im Geschäftsjahr 2009/10 acht Personen (Vorjahr: 10).

### **Eingeräumte Aktienoptionen**

Derzeit besteht kein Mitarbeiterbeteiligungsprogramm in der BRAIN FORCE HOLDING AG.

### **Aufwendungen für Abfertigungen und Pensionen**

Die Aufwendungen für Abfertigungen und Pensionen für Vorstandsmitglieder und leitende Angestellte im Sinne des § 80 AktG betragen EUR 27.720 (Vorjahr: TEUR 18) und für andere Arbeitnehmer EUR 11.485 (Vorjahr: TEUR 13). Von den Gesamtaufwendungen sind EUR 1.477 (Vorjahr: TEUR 1) unter dem Posten „Zinsen und ähnliche Aufwendungen“ ausgewiesen.

Der Posten „Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen“ enthält Aufwendungen für Abfertigungen in Höhe von EUR 1.624 (Vorjahr: TEUR 5).

### **Gesamtbezüge des Vorstandes und des Aufsichtsrates**

Die Bezüge der Vorstandsmitglieder für das Geschäftsjahr 2009/10 betrugen EUR 558.232 (Vorjahr 1-9/2009: TEUR 364). Die angegebenen Bezüge beinhalten die erworbenen und im Aufwand erfassten Ansprüche der Vorstandsmitglieder. In den Bezügen sind variable Anteile in Höhe von EUR 36.536 (Vorjahr 1-9/2009: TEUR 0) enthalten.

Im Geschäftsjahr 2009/10 wurden Vergütungen an Aufsichtsratsmitglieder in Höhe von EUR 56.600 (Vorjahr 1-9/2009: TEUR 64) aufwandsmäßig erfasst.

### **Mitglieder des Vorstandes und des Aufsichtsrates**

Im Geschäftsjahr vom 1. Oktober 2009 bis 30. September 2010 waren folgende Personen als **Vorstand** tätig:

Dr. Michael Hofer, Vöcklabruck, Vorsitzender, ab 19. Oktober 2009

Mag. Thomas Melzer, Wien, Stellvertreter des Vorsitzenden

Günter Pridt, Wien, Vorsitzender bis 19. Oktober 2009, Vorstandsmitglied bis 31. Dezember 2009

Im Geschäftsjahr 2009/10 waren folgende Personen als **Aufsichtsrat** tätig:

Dipl.-Ing. Stefan Pierer, Wels, Mitglied bis 24. Februar 2010, Vorsitzender ab 24. Februar 2010

Mag. Friedrich Roithner, Linz, Vorsitzender-Stellvertreter

Dr. Christoph Senft, Angerberg, Vorsitzender bis 24. Februar 2010, Mitglied ab 24. Februar 2010

Josef Blazicek, Perchtoldsdorf

Mag. Wolfgang M. Hickel, Wien

Dr. Michael Hofer, Vöcklabruck, bis 19. Oktober 2009

Prof. Ing. Peter Kotauczek, Breitenbrunn am Neusiedler See, bis 24. Februar 2010

Mit der Bestellung zum Vorstandsvorsitzenden per 19. Oktober 2009 ist Dr. Michael Hofer aus dem Aufsichtsrat ausgeschieden.

Wien, den 30. November 2010

Der Vorstand:

gez.:

Dr. Michael Hofer

gez.:

Mag. Thomas Melzer



**BRAIN FORCE HOLDING AG, Wien**

**Lagebericht für das Geschäftsjahr**  
**vom 1. Oktober 2009 bis 30. September 2010**

**Bericht über die wirtschaftliche Lage und den Geschäftsverlauf**

**Wirtschaftliche Lage**

Nach dem Rückgang der Weltwirtschaft im Jahr 2009 im Zuge der Finanzkrise erwartet der Internationale Währungsfonds für 2010 ein Wachstum von 4,8%. Für den Euroraum wird für 2010 ein Wachstum von 1,7% prognostiziert. In Deutschland, dem für BRAIN FORCE wichtigsten Markt, soll das Plus bei 3,3% liegen, in Österreich bei 1,6%, in Italien bei 1,0% und in den Niederlanden bei 1,8%. Auch nach Einschätzung der Europäischen Kommission erholt sich die europäische Konjunktur zunehmend. Im zweiten Halbjahr werde laut Kommission die Weltwirtschaft zwar an Fahrt verlieren und auch der Aufschwung nach der schweren Wirtschaftskrise ist noch zaghaft, ein erneuter Rückfall in die Rezession sei allerdings nicht zu befürchten. Sorge bereiten weiterhin das hochverschuldete Griechenland, Irland, das seinen Bankensektor sanieren muss, und Spanien, das sich nach Einschätzung der EU-Behörde heuer noch nicht aus der Rezession befreien kann.

Für das Jahr 2011 erwartet der Internationale Währungsfonds erneut ein Wachstum von 1,7% im Euroraum. In Deutschland soll der Anstieg mit 2,0% über dem europäischen Durchschnitt liegen. In Österreich wird im kommenden Jahr mit einem Wachstum von 1,6%, in Italien mit 1,0% und in den Niederlanden mit 1,7% gerechnet. Die rasche Erholung der Wirtschaft ist jedoch weiterhin mit einigen Risiken behaftet. So sind neue Erschütterungen des internationalen Finanz- und Bankensystems keineswegs ausgeschlossen und auch die Auswirkungen der stark gestiegenen Arbeitslosenrate und der Staatsverschuldung lassen sich nicht verlässlich abschätzen. Auch das Auslaufen der zahlreichen Konjunkturprogramme und Beihilfen, die dem Abschwung kurzfristig erfolgreich entgegengewirkt haben, könnten wieder zu einem Rückschlag führen.

Die Erholung der Wirtschaft ist auch in der Branche für Informations- und Telekommunikationstechnologie bemerkbar. Nach Einschätzung der Marktforschungsagentur Gartner werden 2010 die weltweiten IT-Ausgaben (auf Dollarbasis) wieder um 2,4% ansteigen. Für 2011 wird ein Wachstum von 3,1% prognostiziert. Europa ist nach Gartner weltweit die einzige Region, in der sowohl 2009 als auch 2010 die IT-Investitionen rückläufig sind. Erst 2011 wird wieder mit einem leichten Anstieg der IT-Ausgaben in Europa gerechnet.

Der Geschäftsverlauf der BRAIN FORCE HOLDING AG, die als Mutterunternehmen verbundener Unternehmen vor allem in den Ländern Deutschland, Österreich, Italien und den Niederlanden agiert, war von den äußerst schwierigen wirtschaftlichen Rahmenbedingungen im abgelaufenen Geschäftsjahr betroffen.

## **Geschäftsverlauf**

### **Ertragslage**

Unternehmensgegenstand der BRAIN FORCE HOLDING AG ist unter anderem der Erwerb, das Halten, die Verwaltung und die Verwertung von Beteiligungen, die geschäftsführende Verwaltung dieser Unternehmen und die Erbringung von entgeltlichen Dienstleistungen sowie die Verwaltung und Verwertung von Patenten, Lizenzen und Urheberrechten.

Die entgeltlich erbrachten Dienstleistungen gegenüber den Beteiligungsunternehmen und die ab dem Geschäftsjahr 2008 verrechneten Markenlizenzentgelte werden in den Umsatzerlösen ausgewiesen. Im Geschäftsjahr 2009/10 erzielte die BRAIN FORCE HOLDING AG darüber hinaus Umsatzerlöse im Geschäftsbereich Process Optimization.

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

	2009/10	1-9/2009
	TEUR	TEUR
Umsatzerlöse	1.941	1.831
Sonstige betriebliche Erträge	691	805
Aufwendungen für sonstige bezogene Leistungen	-80	0
Personalaufwand	-1.099	-1.047
Abschreibungen	-64	-94
Sonstige betriebliche Aufwendungen	-1.823	-1.073
Betriebsergebnis	-434	422
Beteiligungsergebnis	-398	-3.933
Sonstiges Finanzergebnis	-510	-16
Jahresfehlbetrag	-1.343	-3.690
Auflösung von Kapitalrücklagen	1.343	3.160

Von den ausgewiesenen Umsatzerlösen in Höhe von TEUR 1.941 entfallen TEUR 1.823 (Vorjahr: TEUR 1.831) auf Konzerndienstleistungserträge und Markenlizenzentgelte, TEUR 101 wurden im Bereich Process Optimization erwirtschaftet. Obwohl das Vorjahr ein Rumpfgeschäftsjahr mit 9 Monatsmonaten war, liegen die Dienstleistungsumsätze und Markenlizenzentgelte nur um 6% über dem Vorjahresniveau. Dies ist auf den Rückgang der Konzernumsätze zurückzuführen und damit verbunden mit geringeren Markenlizenzentgelten.

Die sonstigen betrieblichen Erträge beinhalten im Wesentlichen weiterverrechnete Sachkosten an Konzerngesellschaften, Mieterträge sowie Erträge aus der Auflösung von Rückstellungen.

Der Personalaufwand des Geschäftsjahres 2009/10 erhöhte sich im Vergleich zum 9-Monats-Bericht des Vorjahres lediglich um 5% auf TEUR 1.099. Der geringe Anstieg ist auf die Reduktion der durchschnittlichen Mitarbeiteranzahl von zehn auf acht Angestellte zurückzuführen.

Die sonstigen betrieblichen Aufwendungen erhöhten sich von TEUR 1.073 auf TEUR 1.823. Der Anstieg ist im Wesentlichen auf gestiegene Beratungskosten sowie auf einmalige Abfindungskosten von TEUR 332 im Zusammenhang mit dem Verkauf der BRAIN FORCE SOFTWARE GmbH, Wien, zurückzuführen. Die gestiegenen Beratungskosten resultieren aus der Überlassungsvereinbarung über die Zurverfügungstellung eines Vorstandsmitgliedes mit der HOFER Management GmbH.

Das Beteiligungsergebnis des Geschäftsjahres 2009/10 setzt sich aus dem Ertrag aus dem Verkauf der BRAIN FORCE SOFTWARE GmbH, Wien, in Höhe von TEUR 1.565 sowie aus einer notwendigen Abschreibung auf Anteile an verbundenen Unternehmen in Höhe von TEUR -1.963 zusammen. Die BRAIN FORCE B.V., Veenendaal, Niederlande, verzeichnete im abgelaufenen Geschäftsjahr 2009/10 aufgrund der schwierigen wirtschaftlichen Rahmenbedingung deutliche Ergebnissrückgänge und musste weitreichende Restrukturierungsmaßnahmen setzen. Die durchgeführten Maßnahmen, insbesondere der Abbau von Mitarbeitern, werden sich auch auf die zukünftigen Erwartungen auswirken.

Das sonstige Finanzergebnis in Höhe von TEUR 510 beinhaltet den Zinssaldo. Im Vorjahr setzte sich das sonstige Finanzergebnis aus TEUR -370 Zinssaldo und TEUR 355 Ertrag aus der Auflösung einer gezeichneten Anleihe zusammen. Das Finanzergebnis der BRAIN FORCE HOLDING AG beträgt TEUR -908 (Vorjahr: TEUR -3.948).

Der Jahresfehlbetrag des Geschäftsjahres 2009/10 beläuft sich auf TEUR -1.343 (Vorjahr: TEUR -3.690). Nach Rücklagenbewegung schließt die BRAIN FORCE HOLDING AG das Geschäftsjahr 2009/10 mit einem Bilanzergebnis von TEUR 0 (Vorjahr: TEUR 0).

Durch die Anzahl der im In- und Ausland gehaltenen Beteiligungen stellt die Einbeziehung der wirtschaftlichen Lage dieser Unternehmen einen wesentlichen Leistungsindikator der BRAIN FORCE HOLDING AG dar. Nachfolgende Aufstellung zeigt aussagekräftige Kennzahlen auf Ebene der Muttergesellschaft. Um die Aussagekraft zu erhöhen, werden aufgrund des Rumpfgeschäftsjahres 2009 (Jänner bis September 2009) die Vorjahreswerte für den Zeitraum 1. Oktober 2008 bis 30. September 2009 (Pro forma) dargestellt. Die Werte für diesen Pro-forma-Zeitraum wurden weder geprüft noch einer prüferischen Durchsicht unterzogen:

	2009/10	2008/09 <sup>1)</sup>	Änderung
	TEUR	TEUR	in %
Konzernumsatz	69.589	89.197	-22
Konzern-EBITDA operativ <sup>2)</sup>	1.147	3.436	-67
Konzern-EBIT operativ <sup>2)</sup>	-1.649	-208	>100
Restrukturierungsaufwendungen	-1.816	-1.384	-31
Nicht-wiederkehrende Erträge	6.325	0	-
Konzern-EBITDA	5.656	2.052	>100
Konzern-EBIT	2.861	-1.591	>100
Ergebnis aus assoziierten Unternehmen	-1.812	-2	>100
Konzernergebnis vor Steuern <sup>3)</sup>	327	-2.650	>100
Konzernergebnis nach Steuern <sup>3)</sup>	924	-5.462	>100

1) ungeprüft, keine prüferische Durchsicht

2) vor Restrukturierungsaufwendungen und nicht-wiederkehrenden Erträgen

3) bezogen auf fortgeführte Geschäftsbereiche

Das Geschäftsjahr 2009/10 war vom anhaltend schwierigen wirtschaftlichen Umfeld in der IT-Branche geprägt und die operative Umsatz- und Ergebnisentwicklung des BRAIN FORCE Konzerns insbesondere durch geringe Lizenzerlöse sowie verschobene Aufträge und Preisdruck seitens der Kunden beeinträchtigt. Als Konsequenz der weiteren Auftrags- und Umsatzrückgänge waren zusätzliche Restrukturierungsmaßnahmen erforderlich. Nachdem im Vorjahr in Italien die Kapazitäten deutlich zurückgefahren wurden und mit der Schließung des Standortes Berlin ein langjähriger Verlustbringer geschlossen wurde, mussten im Geschäftsjahr 2009/10 Restrukturierungsschritte in den Niederlanden und am Standort Frankfurt gesetzt werden.

Zusätzlich war 2009/10 von drei strategischen Transaktionen geprägt: dem Verkauf des Professional-Services-Geschäftes in Österreich, dem Einstieg eines Finanzinvestors bei SolveDirect und der Akquisition von Inisys, eines ERP-Spezialisten für Microsoft-Dynamics-Lösungen in Österreich. Aufgrund von Buchgewinnen aus den beiden erstgenannten Transaktionen erzielte der BRAIN FORCE Konzern im abgelaufenen Geschäftsjahr deutlich positive Ergebnisse.

Der Konzernumsatz ist im Geschäftsjahr 2009/10 um 22% auf EUR 69,59 Mio. gesunken, wobei in sämtlichen Regionen Umsatzrückgänge im Vergleich zum Vorjahr zu verzeichnen waren. Bereinigt um die drei strategischen Transaktionen betrug das organische Minus 15%. Durch weitreichende Einsparungs- und Restrukturierungsmaßnahmen konnte der absolute Umsatzrückgang in Höhe von EUR 19,61 Mio. deutlich abgemildert werden und das operative EBITDA ist um 67% auf EUR 1,15 Mio. und das operative EBIT auf EUR -1,65 Mio. von EUR -0,21 Mio. zurückgegangen. Für Restrukturierungsmaßnahmen sind im abgelaufenen Geschäftsjahr zusätzlich Aufwendungen in Höhe von EUR 1,82 Mio. (Vorjahr: EUR 1,38 Mio.) angefallen, die durch den Buchgewinn aus dem Verkauf des Professional-Services-Geschäftes in Österreich von EUR 2,47 Mio. und die Aufdeckung einer stillen Reserve im Zuge der erstmaligen At-equity-Konsolidierung der SolveDirect Service Management GmbH, Wien, von EUR 3,86 Mio. deutlich überkompensiert wurden. Unter Berücksichtigung der Restrukturierungskosten und der nicht-wiederkehrenden Erträge konnte BRAIN FORCE ein positives EBITDA von EUR 5,66 Mio. (Vorjahr: EUR 2,05 Mio.) und ein EBIT von EUR 2,86 Mio. (Vorjahr: EUR -1,59 Mio.) erzielen.

### **Vermögens- und Finanzlage**

Die Bilanzsumme zum 30.9.2010 der BRAIN FORCE HOLDING AG reduzierte sich im Vergleich zum 30.9.2009 um 3% auf TEUR 44.539 (Vorjahr: TEUR 45.800).

Die nachfolgende Aufstellung zeigt die wesentlichen Bilanzposten:

	30.9.2010 TEUR	30.9.2009 TEUR	Veränderung in %
<b>AKTIVA</b>			
Immaterielle Vermögensgegenstände und Sachanlagen	130	127	+2
Finanzanlagen	37.828	39.494	-4
Forderungen gegenüber verbundenen Unternehmen	4.295	5.104	-16
Kassenbestand, Guthaben bei Kredit- instituten	2.088	910	>100
<b>PASSIVA</b>			
Eigenkapital	30.452	31.795	-4
Rückstellungen	242	446	-46
Verbindlichkeiten gegenüber Kreditinstituten	12.365	10.000	+24
Verbindlichkeiten aus Lieferungen und Leistungen	175	123	+43
Verbindlichkeiten gegenüber verbundenen Unternehmen	1.224	3.007	-59

Die Veränderung der Finanzanlagen setzt sich aus dem Zugang durch die Akquisition der INISYS Software-Consulting Ges.m.b.H., Österreich, aus dem Erwerb von 0,5% Anteilen an der Brain Force Software s.r.o., Slowakei, und einer Erhöhung der Anteile an der BRAIN FORCE S.p.A., Italien, im Rahmen einer Zuzahlung zusammen. Reduziert haben sich die Finanzanlagen durch den Verkauf der BRAIN FORCE SOFTWARE GmbH, Österreich, sowie die Abschreibung von Anteilen an der BRAIN FORCE B.V., Niederlande.

Die liquiden Mittel zeigen einen Anstieg um TEUR 1.178, die Verbindlichkeiten gegenüber Kreditinstituten erhöhten sich um TEUR 2.365, wodurch sich die Nettofinanzverbindlichkeiten um TEUR 1.187 auf TEUR 10.277 erhöhten.

Ergebnisbedingt verringerte sich das Eigenkapital um 4% auf TEUR 30.452, was einer Eigenkapitalquote von 68% (Vorjahr: 69%) entspricht.

Die Finanzlage ist durch folgende Netto-Geldflüsse gekennzeichnet:

	2009/10	1-9/2009
	TEUR	TEUR
Netto-Geldfluss aus laufender Geschäftstätigkeit	-1.987	-1.028
Netto-Geldfluss aus Investitionstätigkeit	2.465	258
Netto-Geldfluss aus Finanzierungstätigkeit	700	1.622
Veränderung Kassenbestand und liquide Mittel	1.178	852
Finanzmittelbestand zum Periodenende	2.088	910

Durch die deutlich gesunkenen Umsätze aus Konzerndienstleistungen und Markenlizenzentgelten reduzierte sich der Geldfluss aus laufender Geschäftstätigkeit auf TEUR -1.987 (Vorjahr: TEUR -1.028).

Der Geldfluss aus Investitionstätigkeit beträgt TEUR +2.465 (Vorjahr: TEUR +258). Darin enthalten ist der Zufluss aus dem Verkauf der BRAIN FORCE SOFTWARE GmbH, Wien, in Höhe von TEUR 3.800 sowie Auszahlungen von TEUR 1.267 für Erwerb der INISYS Software-Consulting Ges.m.b.H., Neulengbach, und des Anteils an der Brain Force Software s.r.o., Slowakei. Die Investitionen für immaterielle Vermögensgegenstände und Sachanlagen betragen TEUR 68 (Vorjahr: TEUR 36).

Der Geldfluss aus Finanzierungstätigkeit zeigt einerseits die Aufnahme von Finanzverbindlichkeiten in Höhe von TEUR 2.365 (Vorjahr: Tilgung TEUR 1.059), andererseits die Auszahlungen an Konzernunternehmen von TEUR 1.665 (Vorjahr: Einzahlungen TEUR 2.681), insbesondere im Rahmen des Cash-Pooling.

Als börsennotiertes Unternehmen werden im Folgenden relevante Börsenkennzahlen dargestellt:

		2009/10	1-9/2009
Höchstkurs	in €	1,40	2,19
Tiefstkurs	in €	0,91	1,02
Ultimokurs	in €	1,00	1,20
Gewichtete Aktienanzahl	in Tsd.	15.387	15.387
Ultimo Börsekapitalisierung	in Mio. €	15,39	18,46

### **Forschung und Entwicklung**

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

### **Zweigniederlassungen**

Die Gesellschaft verfügt über keine Zweigniederlassungen.

### **Ereignisse von besonderer Bedeutung nach dem Bilanzstichtag**

Die Gesellschafterversammlung der SolveDirect Service Management GmbH, Wien, hat am 30. August 2010 eine Kapitalerhöhung beschlossen. Die Eintragung der Kapitalerhöhung ins Firmenbuch erfolgte am 13. Oktober 2010. Dadurch reduziert sich der Anteil der BRAIN FORCE HOLDING AG von 81,42 auf 76,67%. Am 12. November 2010 wurde eine weitere Kapitalerhöhung der SolveDirect Service Management GmbH in Höhe von EUR 500.000 beschlossen. Nach Eintragung dieser Kapitalerhöhung wird der Anteil an der SolveDirect Service Management GmbH 72,45% betragen.

### **Voraussichtliche Entwicklung des Unternehmens**

Das Management des BRAIN FORCE Konzerns hat in den vergangenen zwei Jahren durch umfassende Restrukturierungs- und Sparmaßnahmen die Kostenstrukturen an das deutlich gesunkene Umsatzniveau angepasst. Dazu wurden seit Ende 2008 konzernweit rund 200 angestellte Mitarbeiter (das sind rund 30% der Belegschaft) abgebaut, woraus sich eine Personalkostenreduktion in Höhe von jährlich über EUR 10 Mio. ergibt. Zusätzliche Einsparungen wurden durch Kurzarbeit in Deutschland, die Anpassung der freien Mitarbeiter sowie aller sonstigen Kostenpositionen realisiert. Einen wesentlichen Beitrag hat auch die Holdinggesellschaft mit massiven Ausgabenkürzungen geleistet.

Seit September ist ein deutlicher Anstieg der Vertriebspipeline in den Niederlanden, im ERP-Geschäft in Österreich und vor allem in den Bereichen Infrastructure Optimization, Process Optimization und Channel in Deutschland zu verzeichnen. Die sich abzeichnende Konjunkturerholung in Deutschland, unseres größten Marktes, sollte somit auch eine nachfrageseitige Erholung bewirken und Umsatzwachstum ermöglichen. Damit will BRAIN FORCE im neuen Geschäftsjahr 2010/11 wieder ein positives operatives Ergebnis erwirtschaften.

### **Angaben gemäß § 243a UGB**

1. Das Grundkapital beträgt EUR 15.386.742. Es ist zerlegt in 15.386.742 Stück auf Inhaber lautende nennbetragslose Stückaktien. Das Grundkapital wurde voll einbezahlt.
2. Dem Vorstand sind keine Beschränkungen bekannt, die Stimmrechte oder die Übertragung von Aktien betreffen.
3. Nach Kenntnis der Gesellschaft bestand per 30. September 2010 folgende direkte oder indirekte Beteiligung am Kapital der BRAIN FORCE HOLDING AG, die zumindest 10 von Hundert beträgt:  
BEKO HOLDING AG: 54,65%.  
ABAG Aktienmarkt Beteiligungs AG: 16,97%
4. Es gibt keine Aktien mit besonderen Kontrollrechten.
5. Im BRAIN FORCE-Konzern besteht kein Mitarbeiterbeteiligungsmodell.
6. Es bestehen keine über das Gesetz hinausgehenden Bestimmungen hinsichtlich der Mitglieder des Vorstandes und des Aufsichtsrates.



7. Möglichkeiten, Aktien auszugeben oder zurückzukaufen:
  - a) Gemäß Beschluss der Hauptversammlung vom 11. Mai 2006 wurde der Vorstand ermächtigt, innerhalb von fünf Jahren nach Eintragung der entsprechenden Satzungsänderung ins Firmenbuch das Grundkapital in einer oder mehreren Tranchen um bis zu weitere EUR 7.693.371,00 durch Ausgabe von bis zu 7.693.371 Stück neuer, auf Inhaber lautender Stammaktien (Stückaktien) gegen Bar- und/oder Sacheinlagen, und zwar jeweils mit oder ohne Ausschluss des Bezugsrechtes der Aktionäre im Falle von Bar- und/oder Sacheinlagen und/oder der Ausgabe von Aktien an Dienstnehmer der Gesellschaft und mit ihr verbundener Unternehmen, zu erhöhen und den Ausgabebetrag sowie die Ausgabebedingungen im Einvernehmen mit dem Aufsichtsrat festzusetzen. Darüber hinaus ist der Aufsichtsrat ermächtigt, Änderungen der Satzung, die sich durch die Ausgabe von Aktien aus dem genehmigten Kapital ergeben, zu beschließen.
  - b) Gemäß Beschluss der Hauptversammlung vom 14. Mai 2009 besteht die Ermächtigung zum Erwerb eigener Aktien von bis zu 10% des Grundkapitals innerhalb von 30 Monaten ab Beschlussfassung. Der Gegenwert (Erwerbskurs) je zu erwerbender Stückaktie darf den Börsenkurs nicht mehr als 20% unter- oder überschreiten. Als maßgeblicher Börsenkurs gilt dabei der Mittelwert der Schlusskurse für die Aktien der jeweiligen Wertpapierbörse innerhalb der letzten fünf Börsentage vor dem Erwerb der Aktien.
8. Vereinbarungen der Gesellschaft, die bei einem Kontrollwechsel infolge eines Übernahmeangebotes wirksam werden, sich ändern oder enden, sowie deren Wirkungen werden seitens der Gesellschaft mit Ausnahme der Angaben in Punkt 9 nicht bekannt gegeben, da dies der Gesellschaft erheblich schaden würde.
9. Für den Fall einer „feindlichen“ Übernahme der Gesellschaft im Sinne des Übernahmegesetzes wurde mit den Vorstandsmitgliedern Günter Pridt und Thomas Melzer vertraglich vereinbart, dass das Vorstandsmitglied das einseitige Recht hat, jederzeit innerhalb einer Frist von zwei Monaten ab dem Zeitpunkt der rechtskräftigen Übernahme der Gesellschaft per sofort und ohne weitere Frist seinen Vorstandsvertrag mit der Gesellschaft aufzulösen und sein Amt sofort niederzulegen. Die Gesellschaft hat sich verpflichtet, wenn das Vorstandsmitglied dieses vorstehende Recht ausübt, dem Vorstandsmitglied ausschließlich seine fixe Vergütung, die ihm bis zum Ende seiner Tätigkeit bei voller vereinbarter Laufzeit seines Vorstandsvertrages zustünde, in Form einer Einmalzahlung als Abfertigungszahlung innerhalb von vier Wochen ab seinem Austrittsdatum anzuweisen. Für den Fall eines „Kontrollwechsels“ wurde mit dem Vorstandsmitglied Michael Hofer vertraglich vereinbart, dass die HOFER Management GmbH das Recht hat, den Überlassungsvertrag, den sie mit der BRAIN FORCE HOLDING AG unter Beitritt von Herrn Michael Hofer abgeschlossen hat, einseitig unter Wahrung aller Ansprüche aufzulösen. Dieses begünstigte Auflösungsrecht ist spätestens zum Zeitpunkt des Closings (Rechtswirksamkeit) betreffend des den Kontrollwechsel auslösenden Anteilerwerb wahrzunehmen. Ein Kontrollwechsel liegt vor, wenn die CROSS Industries AG nicht mehr a) direkt oder b) indirekt über eine Tochtergesellschaft, die zumindest zu 50% an der BRAIN FORCE HOLDING AG beteiligt ist, die Stimmenmehrheit an der BRAIN FORCE HOLDING AG hält.

### **Berichterstattung zum rechnungslegungsbezogenen internen Kontroll- und Risikomanagementsystem**

Die Verantwortung für die Einrichtung und Ausgestaltung des rechnungslegungsbezogenen internen Kontroll- und Risikomanagementsystems und die Sicherstellung der Einhaltung aller rechtlichen Anforderungen liegt beim Vorstand. Die Rechnungslegung und Berichterstattung der BRAIN FORCE HOLDING AG wird in den beiden Organisationseinheiten „*Accountancy Countries & Group Consolidation*“, zuständig für das externe Berichtswesen, und „*Financial Controlling*“, zuständig für das konzerninterne Berichtswesen, wahrgenommen. Beide Bereiche unterstehen direkt dem Finanzvorstand.

Die Buchhaltung der Gesellschaft wird auf Basis unternehmensrechtlicher und sonstiger relevanter Vorschriften sowie unter Beachtung der für die wesentlichen Prozesse in der Konzernrechnungslegung und -berichterstattung vorgegebenen Regeln des BRAIN FORCE Bilanzierungshandbuchs („*Accounting Manual*“) durchgeführt. Die Erfassung, Buchung und Bilanzierung aller Geschäftsfälle erfolgt mit der Anwendersoftware BMD. Die Einhaltung der entsprechenden Vorgaben wird regelmäßig in Management-Meetings sichergestellt. Die wirtschaftliche Tätigkeit der Gesellschaft beschränkt sich auf die Wahrnehmung von Holding-Aufgaben und die aktive Beratung und Steuerung der Beteiligungsgesellschaften. Managementdienstleistungen sowie Marken- und andere Lizenzgebühren werden auf Grund von in der Gesellschaft geführten Aufzeichnungen und entsprechenden Verträgen laufend an die Konzerngesellschaften weiterverrechnet. Die von den Mitarbeitern/-innen im Rechnungswesen geführten Aufzeichnungen und Verbuchungen werden dabei von dem Verantwortlichen der Organisationseinheit „*Accountancy Countries & Group Consolidation*“ regelmäßig überwacht und kontrolliert.

Für das interne Management-Reporting wird eine gängige Planungs- und Reportingsoftware verwendet. Für die Übernahme der Ist-Daten aus dem BMD gibt es eine automatisierte Schnittstelle. Die Eingabe der Werte für Vorscheurechnungen erfolgt in einem standardisierten Prozess. Die Berichterstattung auf Konzernebene ist dabei nach Regionen, pro Gesellschaft und auch nach den Geschäftsfeldern *Process Optimization*, *Infrastructure Optimization* und *Professional Services* aufgebaut. Konzerninterne Verrechnungen und Transaktionen werden abgestimmt und eliminiert. Neben einer Berichterstattung über die operative Ergebnisentwicklung für den jeweils abgelaufenen Monat erfolgt einmal im Monat eine rollierende 3-Monats-Vorschau. Diese Berichte bieten auch eine Zusammenfassung der wichtigsten Ereignisse bzw. Abweichungen zu den Werten des Budgets, des Vorjahreszeitraumes sowie der jeweils vorangegangenen Vorscheurechnung und gegebenenfalls eine aktualisierte Bewertung einzelner Risiken.

Die beschriebenen Finanzinformationen sind in Zusammenhang mit den Quartalszahlen Basis der Berichterstattung des Vorstandes an den Aufsichtsrat. Der Aufsichtsrat wird in den regelmäßigen Sitzungen über die wirtschaftliche Entwicklung in Form von konsolidierten Darstellungen, bestehend aus Segmentberichterstattung, Ergebnisentwicklung mit Budget- und Vorjahresvergleich, Vorscheurechnungen, Konzernabschlüssen, Personal- und Auftragsentwicklung sowie ausgewählten Finanzkennzahlen informiert.

## **Risikoberichterstattung**

Als Muttergesellschaft von im In- und Ausland ansässigen und europaweit tätigen Unternehmen sieht sich die Unternehmensführung mit übergreifenden internationalen Risiken konfrontiert. BRAIN FORCE sieht in einem effektiven Risikomanagement einen wesentlichen Erfolgsfaktor für die nachhaltige Sicherung des Unternehmenserfolges und die Erreichung der Ziele zur Schaffung von Shareholder Value. Als Risiko wird daher nicht nur die Möglichkeit der negativen Abweichung von Unternehmenszielen verstanden, sondern auch die Nichtrealisierung von potenziellen Gewinnen. 2008 hat BRAIN FORCE das Risikomanagement verstärkt und einen zentral gesteuerten konzernweiten Prozess initiiert. Dieser Prozess wurde 2009 abgeschlossen. Seither werden die Risiken innerhalb der Gruppe regelmäßig und systematisch identifiziert, hinsichtlich ihrer Eintrittswahrscheinlichkeit und dem möglichen Schadensausmaß bewertet sowie geeignete Maßnahmen zur Risikosteuerung getroffen. Der Schwerpunkt wird dabei auf die Top-10-Risiken des Konzerns gelegt. Die jährliche Aktualisierung der Risikobewertung findet im Zuge des Budgetierungsprozesses statt.

Gemäß der dezentralen Struktur liegt die Verantwortung für das Management der operativen Risiken bei den jeweils zuständigen lokalen Geschäftsleitern. Auf Ebene der BRAIN FORCE HOLDING AG wird die Einhaltung der Prozesse überwacht und ein gruppenweiter Risikobericht erstellt. Die Ergebnisse werden an den Gesamtvorstand und von diesem weiter an den Aufsichtsrat berichtet.

Die wichtigsten Instrumente zur Risikoüberwachung und -kontrolle sind der Planungs- und Controlling-Prozess, konzernweite Richtlinien sowie die laufende Berichterstattung und das monatlich rollierende Forecasting.

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

Das Liquiditätsrisiko wird durch laufende Finanzplanungen auf Ebene der lokalen Geschäftsführungen und zusätzlich von der Konzernholding überwacht. 2009 wurde ein Cash-Pool geschaffen, in den die drei größten operativen Gesellschaften in Deutschland, Italien und den Niederlanden einbezogen sind. Die Finanzierung des BRAIN FORCE Konzerns basiert auf einer soliden Bilanzstruktur mit einer Eigenkapitalquote von 39% zum 30. September 2010. Der Zahlungsmittelbestand hat sich infolge des operativen Verlustes, der Zahlungen für Restrukturierungsmaßnahmen und dem Erwerb eines österreichischen ERP-Dienstleistungsunternehmens reduziert. Durch den negativen Free Cash-flow auf Konzernebene und den Wegfall von zwei Banklinien ist die freie Liquidität in den letzten Monaten gesunken, wobei zum 30. September 2010 rund EUR 4,1 Mio. an Zahlungsmitteln zur Verfügung standen. Die Refinanzierungsmöglichkeiten des Unternehmens sind durch zahlreiche finanzielle, gesamtwirtschaftliche und sonstige Einflussgrößen bestimmt, die sich dem Einfluss des Vorstandes der BRAIN FORCE HOLDING AG entziehen. Diese Einflussgrößen beinhalten Kreditbedingungen (Covenants) in den aktuellen und zukünftigen Kreditvereinbarungen sowie die Beachtung gewisser Ratings.

2007 hat BRAIN FORCE ein endfälliges Schuldscheindarlehen in Höhe von EUR 10 Mio. mit einer Laufzeit bis 20. März 2014 aufgenommen. Dafür wird jährlich eine Bewertung des Konzernabschlusses nach Moody's KMV RiskCalc vorgenommen. Eine Verschlechterung der Bewertung nach diesem System um mehr als drei Rasterstufen innerhalb eines Jahres berechtigt den Gläubiger zur Kündigung, wenn die Kündigung unter Berücksichtigung der wirtschaftlichen Verhältnisse insgesamt angemessen ist. Weiters berechtigt eine Verschlechterung unter Ba3 jeden Gläubiger zur Kündigung. Die von der Erste Bank zur Verfügung gestellte Betriebsmittellinie sieht eine Konzerneigenkapitalquote von über 30% vor. Die beschriebenen Covenants werden von BRAIN FORCE laufend beobachtet und bei allen wesentlichen geschäftspolitischen Überlegungen simuliert. Nicht eingehaltene Covenants können dazu führen, dass die zu zahlenden Zinsen durch höhere Risikozuschläge oder Kredite fällig gestellt werden.

Wegen der nahezu ausschließlichen Marktpräsenz im Euroraum spielt das Währungsrisiko aktuell eine untergeordnete Rolle.

Das Zinsänderungsrisiko stellt das Risiko dar, das sich aus der Änderung von Wertschwankungen von Finanzinstrumenten infolge einer Änderung der Marktzinssätze ergibt. Das Schuldscheindarlehen in Höhe von EUR 10 Mio. ist fix verzinst. Die Kontokorrentkreditvereinbarungen unterliegen einer variablen Verzinsung.

#### **Umwelt- und Arbeitnehmerbelange**

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

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

Wien, am 30. November 2010

Der Vorstand:

gez.:

Dr. Michael Hofer

gez.:

Mag. Thomas Melzer

## **Bestätigungsvermerk**

### **Bericht zum Jahresabschluss**

Wir haben den beigefügten Jahresabschluss der BRAIN FORCE HOLDING AG, Wien, für das Geschäftsjahr vom 1. Oktober 2009 bis 30. September 2010 unter Einbeziehung der Buchführung geprüft. Dieser Jahresabschluss umfasst die Bilanz zum 30. September 2010, die Gewinn- und Verlustrechnung für das am 30. September 2010 endende Geschäftsjahr sowie den Anhang.

#### *Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und für die Buchführung*

Die gesetzlichen Vertreter der Gesellschaft sind für die Buchführung sowie für die Aufstellung eines Jahresabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften vermittelt. Diese Verantwortung beinhaltet: Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, damit dieser frei von wesentlichen Fehldarstellungen ist, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern; die Auswahl und Anwendung geeigneter Bilanzierungs- und Bewertungsmethoden; die Vornahme von Schätzungen, die unter Berücksichtigung der gegebenen Rahmenbedingungen angemessen erscheinen.

#### *Verantwortung des Abschlussprüfers und Beschreibung von Art und Umfang der gesetzlichen Abschlussprüfung*

Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern, dass wir die Standesregeln einhalten und die Prüfung so planen und durchführen, dass wir uns mit hinreichender Sicherheit ein Urteil darüber bilden können, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Jahresabschluss. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers unter Berücksichtigung seiner Einschätzung des Risikos eines Auftretens wesentlicher Fehldarstellungen, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern. Bei der Vornahme dieser Risikoeinschätzung berücksichtigt der Abschlussprüfer das interne Kontrollsystem, soweit es für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, um unter Berücksichtigung der Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen Kontrollen der Gesellschaft abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der von den gesetzlichen Vertretern vorgenommenen

wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses.

Wir sind der Auffassung, dass wir ausreichende und geeignete Prüfungsnachweise erlangt haben, sodass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

#### *Prüfungsurteil*

Unsere Prüfung hat zu keinen Einwendungen geführt. Auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage der Gesellschaft zum 30. September 2010 sowie der Ertragslage der Gesellschaft für das Geschäftsjahr vom 1. Oktober 2009 bis zum 30. September 2010 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung.

#### **Aussagen zum Lagebericht**

Der Lagebericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob die sonstigen Angaben im Lagebericht nicht eine falsche Vorstellung von der Lage der Gesellschaft erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Lagebericht mit dem Jahresabschluss in Einklang steht und ob die Angaben nach § 243a UGB zutreffen.

Der Lagebericht steht nach unserer Beurteilung in Einklang mit dem Jahresabschluss. Die Angaben gemäß § 243a UGB sind zutreffend.

Wien, den 30. November 2010

PwC INTER-TREUHAND GmbH  
Wirtschaftsprüfungs- und  
Steuerberatungsgesellschaft

gez.:

Mag. Dr. Aslan Milla  
Wirtschaftsprüfer

Eine von den gesetzlichen Vorschriften abweichende Offenlegung, Veröffentlichung und Vervielfältigung im Sinne des § 281 Abs. 2 UGB in einer von der bestätigten Fassung abweichenden Form unter Beifügung unseres Bestätigungsvermerks ist nicht zulässig. Im Fall des bloßen Hinweises auf unsere Prüfung bedarf dies unserer vorherigen schriftlichen Zustimmung.



# Declaration according to § 82 (4) (3) BörseG

## Statement of all Legal Representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, November 30, 2010

The Management Board:



Michael Hofer  
Chairman



Thomas Melzer  
Chief Financial Officer