

BRAIN FORCE HOLDING AG

Report on the 1st quarter

2011/12



BRAIN FORCE Key Data

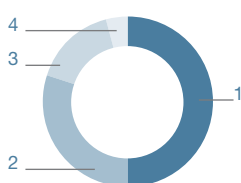
Earnings Data		10-12/2011	10-12/2010	Chg. in %	2010/11
Revenues	<i>in € million</i>	19.81	17.05	+16	71.09
EBITDA	<i>in € million</i>	-0.38	0.76	>100	3.13
Operating EBITDA ¹⁾	<i>in € million</i>	0.30	0.76	-61	3.13
EBIT	<i>in € million</i>	-0.91	0.21	>100	1.04
Operating EBIT ¹⁾	<i>in € million</i>	-0.23	0.21	>100	1.04
Profit before tax	<i>in € million</i>	-1.73	-0.58	>100	-1.38
Profit after tax	<i>in € million</i>	-1.56	-0.65	>100	-1.37
Earnings per share	<i>in €</i>	-0.10	-0.04	>100	-0.09
Adjusted earnings per share ¹⁾	<i>in €</i>	-0.07	-0.04	-75	-0.09
Capital expenditure	<i>in € million</i>	0.34	0.25	+37	1.51
Acquisitions	<i>in € million</i>	0.00	0.00	-	0.00
Employees ²⁾		774	700	+11	733

Balance Sheet Data		31.12.2011	30.9.2011	Chg. in %
Equity	<i>in € million</i>	17.16	18.72	-8
Net debt	<i>in € million</i>	7.10	5.82	+22
Capital employed	<i>in € million</i>	24.21	24.50	-1
Working capital ³⁾	<i>in € million</i>	2.18	1.34	+63
Balance sheet total	<i>in € million</i>	48.30	49.43	-2
Equity ratio	<i>in %</i>	36	38	-
Gearing	<i>in %</i>	41	31	-
Employees ⁴⁾		758	786	-4

Stock Exchange Data ⁵⁾		10-12/2011	2010/11	Chg. in %
Share price high	<i>in €</i>	0.95	1.10	-14
Share price low	<i>in €</i>	0.73	0.72	+1
Share price at end of period	<i>in €</i>	0.85	0.94	-10
Shares outstanding (weighted)	1,000	15,387	15,387	0
Market capitalization (ultimo)	<i>in € million</i>	13.03	14.46	-10

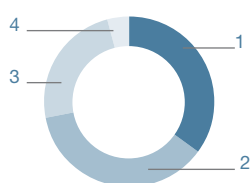
Segments 10-12/2011 <i>in € million</i>	Germany		Italy		The Netherlands		Central East Europe		Holding and Other	
Revenues	9.98	(+4%)	5.84	(+12%)	3.19	(>100%)	0.80	(+19%)	0	-
Operating EBITDA ¹⁾	0.32	(-51%)	0.34	(+1%)	0.22	(+64%)	0.04	(+63%)	-0.64	(-58%)
Operating EBIT ¹⁾	0.13	(-71%)	0.17	(+15%)	0.10	(>100%)	0.02	(>100%)	-0.65	(-56%)
Capital expenditure	0.06	(-19%)	0.10	(-30%)	0.16	(>100%)	0.01	(>100%)	0.01	(>100%)
Employees ²⁾	355	(+6%)	284	(+4%)	99	(+74%)	29	(+8%)	7	(-13%)

Revenues by regions



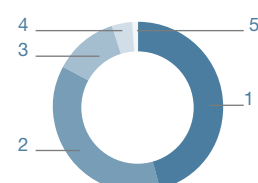
- 1 Germany 50%
- 2 Italy 30%
- 3 The Netherlands 16%
- 4 Central East Europe 4%

Operating EBITDA by regions



- 1 Germany 35%
- 2 Italy 37%
- 3 The Netherlands 24%
- 4 Central East Europe 4%

Employees by segments



- 1 Germany 46%
- 2 Italy 37%
- 3 The Netherlands 12%
- 4 Central East Europe 4%
- 5 Holding and Other 1%

- 1) adjusted for non-recurring income and expenses
- 2) average number of employees (salaried and free-lancer) during the period
- 3) Inventories + trade receivables - trade payables - other current liabilities
- 4) number of employees (salaried and free-lancer) as at December 31, 2011
- 5) Vienna Stock Exchange

Chief Executive's Review



Dr. Michael Hofer
CEO
BRAIN FORCE HOLDING AG

Dear shareholders, ladies and gentlemen,

in the first quarter 2011/12 the Group's revenues increased by 16% compared to previous year. Hence, we achieved a growth in revenues for the fourth consecutive quarter, with two-digit growth rates in the prior nine months. The increased order volume (+ 9% compared to previous year) and the current sales pipeline let expect a further growth in revenues. However, we could not repeat the positive performance development of the two previous quarters and had to present a negative operating profit for the first time since the second quarter 2010/11. Additionally restructuring costs burden the result of the first quarter 2011/12.

Group revenue 16% above
previous year

The Group's revenues increased by € 2.76 million to € 19.81 million, whereby all regions reported a growth. The operating EBITDA amounted to € 0.30 million compared to € 0.76 million, the operating EBIT decreased from € 0.21 million in the previous year to € -0.23 million. Despite increased revenues the previous year's results could not be met. This is due to the competition and price pressure encountered by the operating companies on the one hand; on the other hand sales activities to acquire new customers were intensified, thus increasing selling expenses. Including restructuring costs of € 0.68 million, incurred in the segment Germany, the Group EBITDA amounted to € -0.38 million, the Group EBIT amounted to € -0.91 million.

Restructuring cost burden
Group result

In Germany (50% of Group revenues) revenues increased by 4% to € 9.98 million. The business units Munich and Cologne met the prior-year level in terms of revenues, whereas the business unit Langen/Frankfurt increased the revenues. The revenues of Network Performance Channel GmbH met the high prior-year level, whereas the revenues in the area FINAS decreased by 7% compared to previous year, which was due to lower license revenues. The missing license revenues and lower margins in the Professional Services business decreased the result in Germany considerably. The operating EBITDA decreased from € 0.67 million to € 0.32 million, the operating EBIT amounted to € 0.13 million compared to € 0.47 million previous year. Additionally restructuring costs in the amount of € 0.68 million arose in the business area FINAS, whereby an EBITDA of € -0.35 million and an EBIT of € -0.54 million were achieved. Although the area FINAS had developed positively because of license sales and short-term work in the previous fiscal year, the management had to reduce staff by the end of December to further enable a sustainable positive development.

Missing license revenues and
lower margins reduced results
in the first quarter

In Italy (30% of Group revenues) revenues increased by 12% to € 5.84 million. Despite the difficult market environment the results improved. The operating EBITDA (€ 0.34 million) was slightly above the prior year, whereby the operating EBIT increased by 15% to € 0.17 million. According to market research agencies the economic environment in Italy remains difficult.

Sales growth and performance
increase in Italy

Order intake and staff 67 %
above prior-year level

The Netherlands showed a very solid development as in the three previous quarters. The revenues (16% of Group revenues) were more than doubled – by € 1.64 million to € 3.19 million - in the first three months. The operating EBITDA increased by 64% to € 0.22 million, the operating EBIT increased from € 0.01 million to € 0.10 million. A staff increase by 67% (now 94 employees), as well as an increase of the order intake by 67% compared to the prior-year level let expect a further positive development in the Netherlands.

Expansion of Network
Performance Channel
activities in Central East
Europe

In the Central East Europe region (4% of the Group revenues) revenues increased by 19% to € 0.80 million. In Austria as well in the Czech Republic a two-digit increase in revenues was achieved. The operating EBITDA increased by 63% to € 0.04 million, the operating EBIT increased to € 0.02 million. A further growth is expected from the expansion of Network Performance Channel activities of the Group companies in Central East Europe.

Premature termination of
Management contract
burdens result

In the segment Holding and Other expenses rose by € 0.24 million compared to the previous year resulting in an EBIT of € -0.65 million, mainly due to the premature termination of the Management Contract of Thomas Melzer.

For fiscal year 2011/12 we focus on a further revenue growth and improvement of the operating result. The target to achieve a sales growth was confirmed by the increase of 16%. For the future we expect an increase of profitability and consequently an improvement of the operating result by the measures implemented to strengthen sales and expand the Network Performance Channel activities.

Yours,



Michael Hofer

Management Report

Earnings in the first three months (October to December 2011)

In the first three months of fiscal year 2011/12, the BRAIN FORCE Group generated revenues of € 19.81 million, which is an increase of 16% from the prior year's level. A revenue growth in all regions can be reported for the first quarter of this fiscal year – just like in the fourth quarter of last fiscal year.

The operating EBITDA amounts to € +0.30 million compared to € +0.76 million in the first quarter of 2010/11. The operating EBIT decreased from € +0.21 million in the previous year to € -0.23 million in the first quarter of 2011/12. Despite an increase in revenues, last year's results could not be achieved, due to the competition and price pressure encountered by the operating companies. This affected in particular the Professional Services area with long-term business relations to key accounts. The price pressure results in a decline of the gross margin by approximately 1% compared to the first quarter of 2010/11.

To reduce the dependency from several key accounts and to increase the number of new customers, sales activities were intensified. Hence, increased selling expenses in the amount of € 0.40 million arose for the first quarter. For the following quarters positive effects from the investment into new sales capacities are expected.

Besides the decline of the gross margin and increased selling expenses, expenses in connection with the premature termination of the Management Contract of Thomas Melzer burden the operating EBIT. The termination of the contract, which was originally valid until September 30, 2012, by mutual agreement had a negative impact on earnings (including tax expenses and social security contributions) of approximately € 0.22 million. Additionally, administrative expenses, particularly in companies with an exceptional revenue growth such as BRAIN FORCE B.V., Netherlands, and Network Performance Channel GmbH, Germany, increased.

The first quarter 2011/12 was burdened by restructuring costs in the amount of € 0.68 million. The restructuring affected the area FINAS (Front office solutions for financial service provider) in Germany. Although this segment had developed positively because of license sales and short-term work in the previous fiscal year, the management had to reduce staff by the end of December to further enable a sustainable positive development. Considering the restructuring costs of the FINAS area the EBITDA amounts to € -0.38 million and the EBIT amounts to € -0.91 million.

The financial result declined slightly by € 0.06 million to € -0.21 million, which is related to higher financing costs due to factoring. The result from associates (SolveDirect Service Management GmbH) amounted to € -0.61 million compared to € -0.64 million in the previous year. Thereof € -0.16 million was accounted for by the contributions to earnings, and € -0.45 million by the dilution from a capital increase.

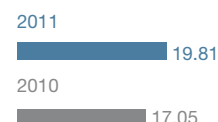
In total the Group result before tax was € -1.73 million (previous year: € -0.58 million). The result after tax amounted to € -1.56 million after € -0.65 million in the first quarter of 2010/11. From the decline of the result by € 0.91 million restructuring costs and the cost for the premature termination of the Management contract account for € 0.90 million.

Earnings per share amounted to € -0.10 (prior year: € -0.04). The earnings per share adjusted for restructuring costs amounted to € -0.07.

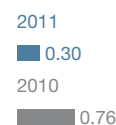
Cash Flow

In the first quarter of 2011/12 the gross cash flow of continuing operations amounted to € -0.45 million, which is a considerable decrease from the prior-year level of € +0.68 million. This is primarily due to a drop in earnings, especially due to the restructuring costs. This is also reflected in the cash flow from operating activities (operating cash flow). The operating cash flow turned around in the first three month of the fiscal year from € +1.19 million to € -0.92 million. Besides the drop in earnings the working capital increased by € 0.84 million to € 2.18 million.

Group revenues 10-12
in € million



Operating EBITDA 10-12
in € million



Revenue growth leads to an
increase of administrative
expenses

Negative impact on earnings by
restructuring costs in the FINAS
area

Increase of financing expenses
due to factoring

Decline of the net earnings
due to restructuring costs and
the premature termination of a
Management contract

Reduction of the cash flow
from operating activities due
to a drop in earnings and the
increase of working capital

Increase of Capital expenditure due to growth in the Netherlands

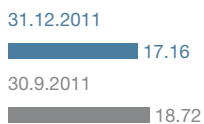
The cash flow from investing activities amounted to € -0.33 million (previous year: € -0.24 million). Capital expenditure on property, plant and equipment and Intangible assets increased by € 0.09 million from the previous year, due to the growth in the Netherlands. Own work capitalized amounting to € 0.16 million was in contrast to scheduled depreciation of € 0.30 million.

Cash and cash equivalents of € 5.02 million at reporting date

The cash flow from financing activities in the amount of € 0.49 million (previous year: € -0.19 million) resulted from the increase of current financial liabilities. The non-current financial liabilities in the amount of € 9.98 million are due in 2014. As of December 31, 2011 the BRAIN FORCE Group had cash and cash equivalents totaling € 5.02 million. (September 30, 2011: € 5.81 million).

Financial Position

Equity in € million



The balance sheet total of the BRAIN FORCE Group was € 48.30 million as at December 31, 2011, whereas equity amounted to € 17.16 million. Accordingly, the equity ratio decreased to 36% compared to 38% as at September 30, 2011, which is related to the negative total result for the period in the amount of € 1.56 million. Out of the total result for the reporting period, a negative earnings contribution of € -0.61 million was generated by SolveDirect Service Management GmbH, which is consolidated at equity; € -0.68 million accounted for restructuring costs.

Net Debt in € million



The working capital (inventories plus trade receivables plus other current receivables less trade payables and other current liabilities) increased from € 1.34 million to € 2.18 million in the first quarter, which is primarily attributable to the increase in other receivables and the decrease in trade payables. Other receivables increased by € 0.82 million to € 2.71 million, trade payables decreased by € 0.56 million to € 8.08 million. The net debt of € 7.10 million as of December 31, 2011 is € 1.18 million below the level of December 31, 2010 (€ 8.28 million) and € 1.28 million above the level of September 30, 2011 of € 5.82 million. The gearing (ratio of net debt to equity) of the BRAIN FORCE Group was a solid 41% as at December 31, 2011, compared to 31% as at September 30, 2011.

Research and Development

Development Fördercenter completed, new tool bAV-Vorteilsrechner, launch of development work on smart FINAS

In **Germany**, the FINAS modules CRM, Risikoabsicherung (risk protection) and Vorsorgeoptimierung (pension benefits optimization) were expanded to more effectively support the sales processes of our customers. The development of Fördercenter (public subsidies overview) was successfully completed, and in addition to the existing solution in Swing an HTML version was developed. bAV-Vorteilsrechner (advantage calculator) expands our portfolio by a sales supporting tool that transparently presents the tax advantages of corporate pension schemes. With the project launch of smart FINAS, we started to adjust the user interface of the FINAS Suite for an even more intuitive handling. By doing so, we are responding to the trend towards software solutions with very simple usability and the more widespread use of smartphones and tablet PCs.

Infrastructure framework updated, Workspace Manager optimized for virtual desktop infrastructures

In the **Netherlands**, the Infrastructure framework got updates to key technologies, such as Windows Server 2008 R2, System Center Suite, Windows 7 and Citrix XenDesktop. The ID suite was updated during maintenance. The Packaging Robot software now supports the packaging in ThinApp-Format as well as the editing of App-V packages based on the integration of a tool developed by the firm GridMagic. Packaging Robot is now also available to run on 64-bit platforms. The product Workspace Manager was further optimized for use in virtual desktop infrastructures.

Integration of SD.Calendar, SD.Dialog and SD.Survey modules, launch of development work for Service Grid solution

SolveDirect successfully concluded the project Collaborative Service Management, which was partially financed by the Austrian Research Promotion Agency FFG, by implementing the integration of the SD.Calendar, SD.Dialog and SD.Survey modules into the releases 5.0 and 5.6. With the release 5.7, customers in the standard version received a password policy, advanced calendar functions and XML Web services, an accelerated setup of connections to BMC Remedy, and an enhanced overview of the order history. Subsequently, the development of the IT Service Management solution Service Grid was launched,

which anticipates service bottlenecks through predictive SLAs and further increases the integration of the partners involved in the value added chain.

Our subsidiary in **Italy** updated the add-ons for Microsoft Dynamics AX and NAV within the context of its maintenance activities, and expanded it to include further sector-specific functionalities for the steel industry. As one of the first Microsoft partners, BRAIN FORCE Italy participated in the Private Beta Program for Dynamics AX 2012 and tested the latest version in the context of a customer migration project. The conversion of our own ERP software Visual Space to a .Net technology was continued. The BRAIN FORCE solution NG4 for stock exchange trading was functionally enhanced in order to be able to independently market it in the future. The software arose from a customer project. It manages trading orders and transmits them via interfaces to post-trading and position-keeping systems.

Human Resources

The total number of people working for the BRAIN FORCE Group as at December 31, 2011 amounted to 520 salaried employees, an increase of 4% from the comparable figure as at December 31, 2010. In addition, the company employed 238 people on a freelance basis for various customer projects, which is an increase of 17%. In our largest market Germany, the total number of staff increased by 3% compared to the previous year. In Italy the number of employees also increased by 3% compared to the previous year. The work force in the Netherlands expanded strongly by 62%, which is related to the successful building of a Professional Services business and the improved order situation in the Infrastructure Optimization business area. The total number of staff in the Central East Europe region increased by approximately 6%.

As at December 31, 2011 seven people were employed in the Holding and Other segment, which is a decrease by one employee compared to the previous year. As of January 1, 2012 the staff in this segment was reduced by another four employees, thus three employees remaining in this segment.

On balance, the BRAIN FORCE Group employed 758 people at the reporting date, which is an increase of 8% or 53 employees compared to the comparable figure at December 31, 2010.

The breakdown of staff (salaried and subcontractors) by geographical segment as at December 31, 2011 is as follows:

- ▶ Germany: 350 (prior year: 341 / chg.: +3%)
- ▶ Italy: 279 (prior year: 271 / chg.: +3%)
- ▶ The Netherlands: 94 (prior year: 58 / chg.: +62%)
- ▶ Central East Europe: 28 (prior year: 27 / chg.: +6%)
- ▶ Holding and Other: 7 (prior year: 8 / chg.: -13%)

On average, the staff of the BRAIN FORCE Group in the period October to December 2011 comprised 528 salaried employees (prior year: 495) and 246 people on a freelance basis (prior year: 205). The total average number of employees therefore amounted to 774, an increase of 11% compared to the prior-year period.

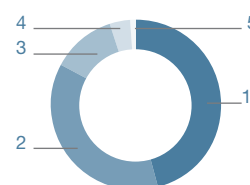
Order Intake

As at December 31, 2011, the order volume at the Group level amounted to € 17.57 million, a solid increase of 9% from the comparable figure on December 31, 2010. Thus the order intake reflects the expected revenue growth for the upcoming quarters.

All regions show an increase in their order intake compared the prior-year period. The increase in Germany amounts to 2%, in Italy the order intake increased by 6%. A considerable increase was achieved in the Netherlands (+67%) and the Central East European region (+69%). These growth rates allow for expectations of a double-digit percent revenue increase in the upcoming quarters.

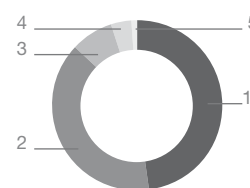
Add-ons for Microsoft Dynamics extended, participation in Beta Program for Dynamics AX 2012

Employees by segments 31.12.2011



- 1 Germany 46%
- 2 Italy 37%
- 3 The Netherlands 12%
- 4 Central East Europe 4%
- 5 Holding and Other 1%

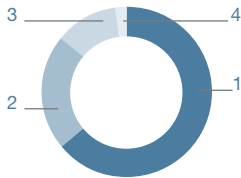
31.12.2010



- 1 Germany 48%
- 2 Italy 39%
- 3 The Netherlands 8%
- 4 Central East Europe 4%
- 5 Holding and Other 1%

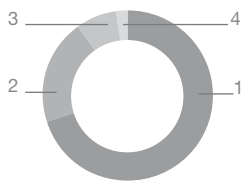
Order Intake by regions

31.12.2011



- 1 Germany 64%
- 2 Italy 22%
- 3 The Netherlands 12%
- 4 Central East Europe 2%

31.12.2010



- 1 Germany 70%
- 2 Italy 20%
- 3 The Netherlands 8%
- 4 Central East Europe 2%

On December 31, 2011, the order volumes attributable to the regions are as follows:

- ▶ Germany accounts for orders of € 11.20 million (December 31, 2010: € 11.01 million).
- ▶ Italy has an order intake of € 3.88 million (December 31, 2010: € 3.64 million).
- ▶ The Netherlands have orders on hand of € 2.11 million (December 31, 2010: € 1.27 million).
- ▶ Central East Europe accounts for orders of € 0.38 million (December 31, 2010: € 0.23 million).

Outlook

The target to achieve a revenue growth in fiscal year 2011/12 was confirmed by the increase of 16% in the first quarter of 2011/12 compared to the first quarter of the previous year. The increased order intake and the current sales pipeline indicate further growth. However, the earnings position is not satisfactory yet. Due to the existing price pressure, resulting from cost saving programs of important key accounts, mainly in the area of finance and communication, BRAIN FORCE has to face decreasing margins. The increase of the sales capacity will be a tool to further increase profitability in future. This shall attract new customers from economic segments with growth potential. A further increase in margins shall be achieved by higher license sales and an increase of Network Performance Channel activities in future.

All operative segments achieved a positive result (before restructuring costs) in the first quarter of 2011/12. Due to these measures and further cost savings in the segment Holding and Other, the operating result in 2011/12 is expected to be positive from today's point of view.

Quarterly report (IFRS) of the BRAIN FORCE Group

Statement of Comprehensive Income in EUR	10-12/2011	10-12/2010
Revenues	19,809,320	17,046,696
Cost of sales	-15,694,747	-13,342,630
Gross profit	4,114,573	3,704,066
Selling expenses	-2,034,054	-1,634,123
Administrative expenses	-2,226,231	-1,751,424
Other operating expenses	-152,814	-130,017
Other operating income	69,215	23,878
Operating profit/loss before non-recurring items (Operating EBIT)	-229,311	212,380
Restructuring costs	-677,207	0
Operating profit/loss after non-recurring items (EBIT)	-906,518	212,380
Financial income	923	1,005
Financial expenses	-212,525	-148,605
Financial result	-211,602	-147,600
Result from associates	-612,563	-640,996
Profit/loss before tax	-1,730,683	-576,216
Income taxes	172,166	-72,385
Profit/loss after tax	-1,558,517	-648,601
Changes in fair values of available-for-sale financial assets	-502	-1,387
Currency translation differences	-2,300	-31,053
Other result	-2,802	-32,440
Comprehensive income/loss	-1,561,319	-681,041
Earnings per share ¹⁾	-0.10	-0.04
Earnings per share – adjusted ²⁾	-0.07	-0.04

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

2) Adjusted for restructuring costs

Key ratios by segments 10-12/2011 in EUR	Germany	Italy	The Netherlands	Central East Europe	Holding and Other	Group
Revenues (consolidated)	9,981,527	5,835,983	3,187,088	804,722	0	19,809,320
EBITDA	-352,383	342,727	222,283	43,011	-638,006	-382,368
Operating EBITDA ²⁾	324,824	342,727	222,283	43,011	-638,006	294,839
Depreciation and amortization	-190,484	-170,412	-125,724	-21,758	-15,772	-524,150
Operating EBIT ²⁾	134,340	172,315	96,559	21,253	-653,778	-229,311
Non-recurring expenses / income	-677,207	0	0	0	0	-677,207
EBIT	-542,867	172,315	96,559	21,253	-653,778	-906,518

Key ratios by segments 10-12/2010 in EUR	Germany	Italy	The Netherlands	Central East Europe	Holding and Other	Group
Revenues (consolidated)	9,614,686	5,206,864	1,551,040	674,106	0	17,046,696
EBITDA	666,119	338,334	135,321	26,381	-403,525	762,630
Operating EBITDA ¹⁾	666,119	338,334	135,321	26,381	-403,525	762,630
Depreciation and amortization	-200,929	-188,706	-123,206	-22,410	-14,999	-550,250
Operating EBIT ¹⁾	465,190	149,628	12,115	3,971	-418,524	212,380
Non-recurring expenses / income	0	0	0	0	0	0
EBIT	465,190	149,628	12,115	3,971	-418,524	212,380

1) Adjusted for restructuring costs

Cash Flow Statement in EUR	10-12/2011	10-12/2010
Profit/loss before tax	-1,730,683	-576,216
Depreciation and amortization	524,150	550,250
Financial result	211,602	147,600
Result from associates	612,563	640,996
Gains / losses from the disposal of property, plant and equipment and intangible assets	3,305	987
Changes in non-current provisions and liabilities	-71,688	-86,914
Gross Cash flow of continuing operations	-450,751	676,703
Changes in inventories	6,924	-11,962
Changes in trade receivables	653,390	264,552
Changes in trade payables	-558,615	-75,306
Changes in other current assets and liabilities	-282,334	503,817
Currency translation differences	-2,053	12,368
Net interest paid	-211,272	-165,580
Income taxes received / paid	-75,664	-14,095
Cash flow from operating activities of continuing operations	-920,375	1,190,497
Net payments from the sale of subsidiaries	-337,178	-246,336
Investments in property, plant and equipment and other intangible assets	9,187	8,216
Cash flow from investing activities of continuing operations	-327,991	-238,120
Increase in financial liabilities	554,730	351,007
Repayments of financial liabilities and bank overdrafts	-60,514	-539,621
Dividends paid	0	0
Capital increase	0	0
Purchase of treasury shares	0	0
Cash flow from financing activities of continuing operations	494,216	-188,614
Change in cash and cash equivalents from continuing operations	-754,150	763,763
Change in cash and cash equivalents from discontinued operation	-30,492	-196,428
Cash and cash equivalents at the beginning of the period	5,806,602	4,115,563
Change in cash and cash equivalents	-784,642	567,335
Cash and cash equivalents at the end of the period	5,021,960	4,682,898

Balance Sheet in EUR	31.12.2011	30.9.2011
ASSETS		
Property, plant and equipment	1,557,789	1,593,534
Goodwill	11,001,151	11,001,151
Other intangible assets	2,462,440	2,626,407
Investments in associates	8,284,327	8,896,890
Financial assets	44,849	45,351
Other receivables and assets	83,582	91,229
Deferred tax assets	2,136,266	1,813,823
Non-current assets	25,570,404	26,068,385
Inventories	297,605	304,529
Trade receivables	14,704,310	15,357,699
Other receivables and assets	2,707,052	1,892,131
Cash and cash equivalents	5,021,960	5,806,602
Current assets	22,730,927	23,360,961
Total assets	48,301,331	49,429,346
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	15,386,742	15,386,742
Reserves	9,596,877	9,599,679
Retained earnings	-7,827,433	-6,268,916
Equity	17,156,186	18,717,505
Financial liabilities	9,976,220	9,973,541
Other liabilities	160,223	151,150
Provisions for post-employment benefits	1,360,151	1,440,583
Deferred tax liabilities	126,924	136,736
Non-current liabilities	11,623,518	11,702,010
Financial liabilities	2,148,537	1,657,000
Trade payables	8,084,987	8,643,602
Other liabilities	7,445,583	7,574,840
Income tax provisions	957,180	872,755
Other provisions	885,340	261,634
Current liabilities	19,521,627	19,009,831
Total equity and liabilities	48,301,331	49,429,346

Changes in equity in EUR	Attributable to equity holders of the parent company				
	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance 1.10.2010	15,386,742	11,033,310	-287,239	-6,023,248	20,109,565
Total result for the period 10-12/2010	0	0	-32,440	-648,601	-681,041
Balance 31.12.2010	15,386,742	11,033,310	-319,679	-6,671,849	19,428,524
Transfer of reserves	0	-1,122,954	0	1,122,954	0
Total result for the period 1-9/2011	0	0	9,002	-720,021	-711,019
Balance 30.9.2011	15,386,742	9,910,356	-310,677	-6,268,916	18,717,505
Total result for the period 10-12/2011	0	0	-2,802	-1,558,517	-1,561,319
Balance 31.12.2011	15,386,742	9,910,356	-313,479	-7,827,433	17,156,186

Notes to the Quarterly Report

Accounting and Measurement Principles

This interim report of BRAIN FORCE HOLDING AG as at December 31, 2011 has been prepared in accordance with the principles contained in the International Financial Reporting Standards (IFRS), as stipulated in IAS 34, "Interim Financial Reporting". The accounting and measurement principles applied when preparing the consolidated financial statements presented in the annual report as at September 30, 2011 remain unchanged. For more information on accounting and measurement principles, please refer to the annual report and the consolidated financial statements as at September 30, 2011, which serve as the basis for this interim report.

Consolidated Group

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

The consolidated group remains unchanged from the balance sheet date of September 30, 2011.

Comments on the Statement of Comprehensive Income

Group revenues increased by 16% compared to the prior-year period to € 19.81 million. The operating EBITDA (before restructuring costs) amounted to € 0.30 million and decreased by € 0.47 million compared to the previous year. The operating result (EBIT) decreased from € 0.21 to € -0.23 million. In the first quarter of the current fiscal year restructuring costs in the amount of € 0.68 million arose in Germany, resulting in an EBITDA of € -0.38 million and an EBIT of € -0.91 million.

The financial result of € -0.21 million shows higher expenses by € -0.06 million compared to the prior-year level resulting from the increased financing costs due to the introduction of factoring in Germany in the second quarter and the Netherlands in the fourth quarter. The result from associates amounted to € -0.61 million, which is related to SolveDirect Service Management GmbH. Thereof € -0.16 million can be attributed to the earnings contribution of the current fiscal year and € -0.45 million to the dilutive effect due to a further capital increase of the 3TS Cisco Growth Fund to finance the company's expansion. The shareholding in SolveDirect Service Management GmbH decreased from 67.39% on September 30, 2011 to 62.45% on December 31, 2011.

The loss after tax amounted to € 1.56 million in the first three months of the current fiscal year, following a loss after tax of € 0.65 million in the prior year.

Segment Information

BRAIN FORCE HOLDING AG reports according to geographic segments in accordance with the stipulations of IFRS 8 (Management Approach). Segment earnings are reported before brand licensing costs and intercompany charges. Segment information is included in this interim report directly after the consolidated income statement.

Comments on the Cash Flow Statement

The gross cash flow from continuing operations was € -0.45 million in the first three months of the current fiscal year, and was thus considerably lower than the cash flow of the prior-year level of € +0.68 million. There was a turnaround in the cash flow from operating activities in the first quarter of 2011/12, which decreased from € +1.19 to € -0.92 million. The decline in earnings and the increase in working capital from € 0.84 million to € 2.18 million had a negative effect.

The cash flow from investing activities amounted to € -0.33 million, compared to € -0.24 million in the prior year. Capital expenditure in property, plant and equipment and other intangible assets increased by € 0.09 million, which can be mainly attributed to the growth in the Netherlands.

The cash flow from financing activities amounts to € 0.49 million and shows an increase in financial liabilities, whereas financial liabilities decreased by € 0.19 million in the prior year period.

Comments on the Balance Sheet

The balance sheet total was € 48.30 million at the reporting date, which is a decline by 2% from September 30, 2011. Non-current assets made up 53% of total assets, amounting to € 25.57 million on the reporting date, down from € 26.07 million as at September 30, 2011. Property, plant and equipment and other intangible assets were reduced by € 0.20 million. Capital expenditures on property, plant and equipment and other intangible assets amounted to € 0.33 million in the reporting period (thereof € 0.16 million for product development costs); scheduled depreciation amounted to € 0.53 million. The goodwill remained unchanged at € 11.00 million. Investments in associates declined by € 0.61 to € 8.28 million. BRAIN FORCE HOLDING AG held a 62.45% shareholding in SolveDirect as at December 31, 2011 (September 30, 2011: 67.39%).

Current assets made up 47% of total assets on the reporting date of December 31, 2011. Trade receivables decreased by about 4% from the comparable figure at September 30, 2011 to € 14.70 million or 30% of total assets.

In the previous year group companies in Germany, the Netherlands and Italy concluded a factoring agreements relating to the sale of trade receivables defined in the contract. At the reporting date the sold trade receivables totalled € 4.26 million compared to € 2.86 million as at September 30, 2011, which led to a decline in receivables to the same amount. At the same time other receivables increased by € 1.07 million (blocked account). The net result from factoring in the first quarter 2011/12 amounts to € +0.82 million. Cash and cash equivalents of the BRAIN FORCE Group decreased by 14% compared to September 30, 2011 and amounted to € 5.02 million.

IFRS-based equity in the BRAIN FORCE Group as at December 31, 2011 was € 17.16 million, equalling an equity ratio of 36%. Non-current liabilities marginally fell from € 11.70 to 11.62 million.

Current liabilities rose by 3% to € 19.52 million, which is primarily related to the increase in current financial liabilities by € 0.49 to € 2.15 million as well as the rise in other provisions by € 0.62 to € 0.89 million. Trade payables decreased by € 0.56 million to € 8.08 million. The working capital at the reporting date was € 2.18 million, which is an increase by € 0.84 million compared to the level at September 30, 2011. The net debt on the reporting date of December 31, 2011 amounts to € 7.10 million, which is an increase of € 0.84 million compared to September 30, 2011.

At the reporting date of December 31, 2011, the number of shares issued totalled 15,386,742 and the authorized capital amounted to € 7,693,371.

Audit Waiver for the Interim Report

This interim report as at December 31, 2011 was neither audited nor subject to an auditor's review.

Other Disclosures

On October 24, 2011 BRAIN FORCE HOLDING AG announced the termination by mutual consent of the Management Board contract with Mr. Thomas Melzer as of December 31, 2011. The contract valid until September 30, 2012 was therefore terminated prematurely. On December 23, 2011 the company announced that the Supervisory Board appointed Mr. Hannes Griesser CFO as of January 1, 2012.

The General Meeting of Shareholders of SolveDirect Service Management GmbH, Vienna, resolved to carry out a further capital increase, which has not yet been entered into the commercial register on December 31, 2011. As a result, the shareholding held by BRAIN FORCE HOLDING AG will be reduced from 62.45 to 57.57%.

Network Performance Channel GmbH, located in Vöcklabruck, Austria was founded jointly by BRAIN FORCE HOLDING AG and HOFER Management GmbH, Vöcklabruck, on 22 December 2011 by notarial deed. BRAIN FORCE HOLDING AG holds a share of 74% of Network Performance Channel GmbH. Corporate purpose of the company is trading and developing of IT-products and rendering of services in the IT-area. The company was entered in the Commercial Register on January 13, 2012.

Vienna, February 16, 2012

The Management Board



Michael Hofer



Hannes Griesser

Financial Calendar

Date	Event
February 16, 2012	Report on the first quarter of 2011/12
March 1, 2012	14th Annual General Meeting
March 5, 2012	Ex-dividend day 2011/12
March 7, 2012	1st dividend payment day for 2011/12
May 15, 2012	Six months report 2011/12
August 14, 2012	Report on the first three quarters of 2011/12
December 19, 2012	Annual report 2011/12 and press conference

Information on the Company and the BRAIN FORCE Share

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