BRAIN FORCE
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BRAIN FORCE HOLDING AG

2010/11

First Half-Year Report

BRAIN FORCE Key Data

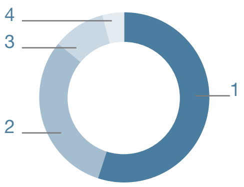
Earnings Data [1]		10/2010-3/2011	10/2009-3/2010	Chg. in %	2009/10
Revenues	*in € million*	33.90	37.40	*-9*	69.59
EBITDA	*in € million*	1.10	5.25	*-79*	5.66
Operating EBITDA [2]	*in € million*	1.10	0.89	*+24*	1.15
EBIT	*in € million*	0.01	3.68	*-100*	2.86
Operating EBIT [2]	*in € million*	0.01	-0.68	*>100*	-1.65
Profit before tax	*in € million*	-1.49	2.49	*>100*	0.33
Profit after tax	*in € million*	-1.55	2.24	*>100*	0.92
Earnings per share	*in €*	-0.10	0.15	*>100*	0.06
Adjusted earnings per share [2]	*in €*	-0.10	-0.14	*-29*	-0.26
Capital expenditure	*in € million*	0.64	0.84	*-24*	1.53
Acquisitions	*in € million*	0.00	1.11	*-100*	1.11
Employees [3]		712	845	*-16*	779

Balance Sheet Data		31.3.2011	30.9.2010	Chg. in %
Equity	*in € million*	18.55	20.11	*-8*
Net debt	*in € million*	7.63	9.04	*-16*
Capital employed	*in € million*	26.13	29.10	*-10*
Working capital [4]	*in € million*	0.49	3.30	*-85*
Balance sheet total	*in € million*	49.92	51.05	*-2*
Equity ratio	*in %*	37	39	*-*
Gearing	*in %*	41	45	*-*
Employees [5]		731	713	*+2*

Stock Exchange Data [6]		10/2010-3/2011	2009/10	Vdg. in %
Share price high	*in €*	1.02	1.40	*-27*
Share price low	*in €*	0.80	0.91	*-12*
Share price at end of period	*in €*	0.86	1.00	*-14*
Shares outstanding (weighted)	*1,000*	15,387	15,387	*0*
Market capitalization (ultimo)	*in € million*	13.23	15.39	*-14*

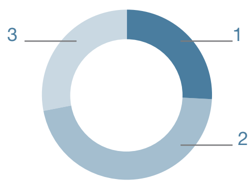
Segments First Half-Year 2010/11 in € million	Germany		Italy		The Netherlands		Central East Europe		Holding and Other	
Revenues (consolidated)	18.58	*(+1%)*	10.47	*(-5%)*	3.38	*(-14%)*	1.48	*(-64%)*	0	*-*
Operating EBITDA [2]	0.86	*(+97%)*	0.68	*(-20%)*	0.31	*(>100%)*	0.05	*(-92%)*	-0.79	*(+27%)*
Operating EBIT [2]	0.47	*(>100%)*	0.30	*(-27%)*	0.06	*(>100%)*	0.01	*(-98%)*	-0.82	*(+26%)*
Capital expenditure	0.18	*(0%)*	0.36	*(+36%)*	0.06	*(-76%)*	0.03	*(-60%)*	0.00	*(-98%)*
Employees [3]	339	*(-11%)*	275	*(-8%)*	64	*(-17%)*	27	*(-66%)*	7	*(-26%)*

Revenues by Regions



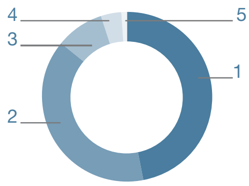
1 Germany 55%
2 Italy 31%
3 The Netherlands 10%
4 Central East Europe 4%

Revenues by Business Areas



1 Process Optimization 26%
2 Infrastructure Optimization 46%
3 Professional Services 28%

Employees by Segments



1 Germany 47%
2 Italy 39%
3 The Netherlands 9%
4 Central East Europe 4%
5 Holding and Other 1%

1) from continuing operations
2) adjusted for non-recurring expenses and income
3) average number of employees (salaried and free-lancer) during the period
4) Inventories + trade receivables - trade payables - other current liabilities
5) number of employees (salaried and free-lancer) as at March 30, 2011
6) Vienna Stock Exchange

Chief Executive's Review

Content

Michael Hofer, CEO of BRAIN FORCE HOLDING AG

Dear shareholders, ladies and gentlemen,

Positive operating result on Group level and in all regions, high free cash flow

following an economically difficult phase lasting two years, we were able to generate a positive operating EBIT both on a Group level and in all regions in the first six months of the 2010/11 fiscal year. On the one hand, we managed to convert the increased sales pipeline into measureable results. Accordingly, in the second quarter (January to March 2011) we generated revenue growth for the first time since two years compared to the prior year period. On the other hand, the implemented restructuring measures proved to be a solid basis for the reported earnings improvements. Naturally, the good economic situation in our largest market of Germany also helped us. In contrast, the economy in Italy, our second most important market, continues to be weak. Under this circumstances, the BRAIN FORCE Group was able to generate a very gratifying free cash flow of € 1.62 million. In recent months also our order intake has continually improved, which makes me optimistic concerning the company's further development.

BRAIN FORCE returns to growth in the second quarter

Three changes in the consolidation range took place compared to the prior-year period: the Professional Services business in Austria sold at the end of 2009 as well as SolveDirect Service Management GmbH, which has been consolidated at equity as of January 2010, were included in the prior-year figures. In contrast, the results of BRAIN FORCE GmbH (formerly: INISYS Software-Consulting Ges.m.b.H.), acquired at the end of February 2010, were first included in consolidation starting in March 2010. A large part of the revenue decline from € 37.40 to 33.90 million can be attributed to these changes in the consolidation range. On an organic or like-for-like basis, revenue was only down slightly by 2%, whereas we returned to growth again in the second quarter. Revenue increased by 3% in the period January to March 2011. Due to seasonal effects EBIT was slightly negative.

Solid development of Network Performance Channel leads to significant earnings increase in Germany

In Germany (55% of Group revenues), revenue in the first half-year was up 1% to € 18.58 million, due to the fact that the solid development of the Network Performance Channel was able to slightly overcompensate for the decline in licensing sales and in the project business. The Network Performance Channel also generated higher margins, so that the operating EBITDA in Germany doubled from € 0.43 to 0.86 million. Operating EBIT also rose considerably from € 0.03 to 0.47 million. In the second half of the year licensing proceeds for FINAS software should recover, and an improvement in the project business at the Frankfurt office is expected.

Positive results in Italy due to successful restructuring

In Italy (formerly South West Europe, 31% of Group revenues), the restructuring measures carried out in 2009 have had a positive impact. Despite the ongoing weakness of the economy and a revenue decline of 5%, BRAIN FORCE once again posted clearly positive results in Italy, featuring an EBITDA of € 0.68 million and an EBIT of € 0.30 million. I expect additional room for improvement in upcoming quarterly periods with the recovery of license sales in a Microsoft Dynamics environment.

Positive operating EBIT in the Netherlands despite revenue decline

In the Netherlands (10% of Group revenues), the revenue drop of 14% in the first six months could be more than compensated by our restructuring efforts. Operating EBITDA strongly improved from € 0.06 to 0.31 million, and there was a turnaround in the operating EBIT from € -0.35 to +0.06 million. We also seem to have reversed the downward trend in the Netherlands. I anticipate revenue growth and continuing positive results in the second half of the year.

BRAIN FORCE Austria and Czech Republic generate revenue growth

In the Central East Europe region (4% of Group revenues), revenue fell by 64% in the first six months of the 2010/11 fiscal year due to the sale of the Professional Services business and the change in the consolidation method for SolveDirect. On an organic basis, the segment actually generated 12% higher revenues thanks to growth in Austria and the Czech Republic. EBITDA was € 0.05 million and also EBIT was slightly positive. In the course of the year earnings should significantly improve, particularly in Austria, following the acquisition of several new customers. SolveDirect is progressing in line with our expectations, and is focusing on the expansion of its international business, especially in the USA.

Earnings improvement and further working capital optimization lead to strong free cash flow

Our cash flow considerably increased as a consequence of the positive earnings development and the further optimization of working capital. Free cash flow totaled € 1.62 million in the first half-year, which enabled us to reduce net debt from € 9.04 to 7.63 million and increase cash and cash equivalents to € 4.53 million. Profit after tax was € -1.55 million. This includes the consciously accepted negative earnings contribution of SolveDirect from the negative earnings contribution of our pro-rata share of start-up costs related to the expansion drive as well as the dilutive effects of the capital increases by the investor.

Positive developments in the first half-year confirm achievement of objectives

Our objective for the current 2010/11 fiscal year remains unchanged a positive operating result. Developments in the first half-year show that we are on the right track to achieve this goal. I also assume that the recent positive earnings development will finally also be reflected in the price of the BRAIN FORCE share. Being readmitted to continuous trading via the XETRA system on the Frankfurt Stock exchange has improved the liquidity of our share for our German shareholders, and has on balance led to higher trading volumes.

Spin-off from BEKO without direct effects on BRAIN FORCE

Finally, I would like to inform you that the Annual General Meeting of BEKO HOLDING AG held on February 4, 2011 resolved to transfer 53.6% of the shares in BRAIN FORCE from BEKO HOLDING AG to CROSS Informatik GmbH within the context of a spin-off. This has now taken place and entered into the company register. This transaction does not have any direct consequences on our business operations. The CROSS Group remains our indirect majority owner, and we will continue to resolutely move ahead with the implementation of our corporate strategy.

Yours

Michael Hofer

Management Report

Earnings in the first six months (October 2010 to March 2011)

In the first six months of the 2010/11 fiscal year, the BRAIN FORCE Group generated revenues of € 33.90 million, a decline of 9% from the prior year's level. Adjusted for the three strategic transactions in Austria (sale of the Professional Services business at the end of December 2009, change in the consolidation method for SolveDirect to inclusion at equity at the beginning of 2010 as well as the acquisition and full consolidation of INISYS Software-Consulting Ges.m.b.H. at the beginning of March 2010), the organic revenue declined only slightly by 2%. The lower order volume of a large customer in the Netherlands and the ongoing difficult economic environment in Italy are in contrast to the positive developments in Germany and the Central East Europe region.

Positive revenue development in Germany and Central East Europe

Due to the persistent cost management efforts and the implementation of restructuring measures, operating EBITDA (before non-recurring expenses and income) could be increased by 24% or € 0.21 to 1.10 million, in spite of the revenue decline of € 3.50 million in absolute terms (organic drop of € 0.78 million). Operating EBIT improved by € 0.68 to 0.01 million, and was positive in all regions, both in the first half-year as well as in the second quarter. From an organic perspective, the Group's operating EBIT in the first half of the 2010/11 fiscal year even improved by close to € 1 million, from € -0.92 to 0.03 million.

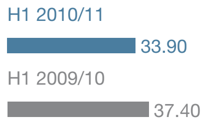
Significant earnings improvement despite revenue decline due to persistent cost

No non-recurring expenses arose in the first six months, whereas restructuring costs in the first half of the prior year totaled € 1.97 million. The cost savings derived from these measures have proven to be a major contribution to the company's quick return to a positive operating EBIT at all subsidiaries as well as in the entire Group.

Restructuring implemented in 2010 a key contribution in the company's return to profitability

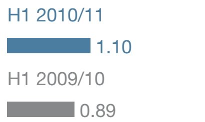
Furthermore, no non-recurring income was generated in the first six months of the current fiscal year, compared to € 6.33 million in the previous year. The non-recurring expenses and income are not included in the above-mentioned operating results. The one-off effects reported in the prior-year period accounted for the decline in EBITDA from € 5.25 to 1.10 million, and the EBIT decrease from € 3.68 to 0.01 million.

Revenues in € million



The financial result declined slightly by € 0.07 to -0.38 million, which is related to higher financing costs. The majority of current financing costs relate to a long-term fixed interest loan. Since January 2010 SolveDirect Service Management GmbH has been consolidated at equity. Thus the result from associates reflect the negative dilutive effects from capital increases and the negative earnings contribution of our pro-rata share (69% as at March 31, 2011) of SolveDirect's profit after tax. The result from associates amounted to € -1.12 million in the first half-year 2010/11 (prior-year: € -0.88 million), of which € -0.54 million relates to the negative earnings contribution and € -0.59 million to the dilutive effects of three capital increases to finance the company's expansion in the USA.

Operative EBITDA in € million



In total, the result before tax of the BRAIN FORCE Group was € -1.49 million (prior year: € 2.49 million). The total result after tax reached € -1.55 million, down from € 2.14 million in the first half of the previous year. Excluding the non-recurring effects from the prior year, the result before tax actually improved by € 0.38 million. Earnings per share from continuing operations were € -0.10 (prior year: € 0.14). Earnings per share from continuing operations adjusted for non-recurring effects totaled € -0.10, compared to € -0.14 in the prior year.

Improvement in the adjusted earnings per share

Earnings in the second quarter (January to March 2011)

In the second quarter of the 2010/11 fiscal year, Group revenues rose by 3% to € 16.86 million, and were thus above the comparable prior-year figure for the first time since 2008. In Germany (revenues up 2%), in particularly the Network Performance Channel developed exceptionally well. In the Central East Europe region (revenues up 93%), the contract orders of two new large customers in Austria at the beginning of the second quarter led to higher revenues. Revenues also increased in the Czech Republic, after the first sales in the field of Network Performance Channel were realized by this company. Revenues in Italy remained basically unchanged due to the ongoing difficult economic environment, whereas the con-

Revenue growth after a downward trend lasting 8 quarters siderably lower order volume of a large customer in the Netherlands (revenues down 4%) could be largely compensated by contracts signed with several new customers. In Germany revenues climbed from € 8.75 to 8.96 million and in Central East Europe from € 0.42 to 0.80 million. In contrast, revenues in the South West Europe stagnated at a level of € 5.26 million (prior year: € 5.30 million) and fell slightly in the Netherlands from € 1.90 to 1.83 million.

Significant improvement in operating results from the prior year following successful restructuring

The operating EBIT of the BRAIN FORCE Group in the second quarter improved considerably by € 0.67 to -0.21 million. Earnings actually improved by € 0.71 million when adjusted for changes in the consolidation range, which is a clear indication of the effectiveness of the consistently implemented cost saving measures over the last two years. Operating EBIT was positive in all regions for the second straight quarter. The biggest improvement was achieved in Germany, which can be attributed to the solid development of Network Performance Channel, as well as in the Netherlands, which is due to the restructuring measures carried out in 2010. The Holding also contributed to the earnings improvement by further cost reductions of € 0.18 million.

No non-recurring expenses or income arose in the second quarter of the current fiscal year, whereas non-recurring effects totaled € 1.95 million in the period January to March 2010. This is the underlying reason for the decline in Group EBIT from € 1.08 to -0.21 million in the second quarter of the 2010/11 fiscal year.

Cash Flow

Increase in the operating cash flow by € 3.52 million due to earnings improvement and reduction of working capital

The gross cash flow from continuing operations in the first half-year 2010/11 was € 0.98 million, a considerable increase from the prior-year level of € -1.57 million. This was primarily due to the improved operating results, a development also reflected in the cash flow from operating activities (operating cash flow), which improved by € 3.52 to 2.25 million compared to € -1.27 million in the prior year. In addition to the earnings improvement, this is mainly due to the further optimization of working capital. In this context particularly the factoring agreement concluded by the German subsidiary had a positive effect. On the basis of this contract trade receivables declined by € 1.73 million at the reporting date of March 31, 2011, whereas other receivables rose by € 0.74 million. The net effect of the factoring agreement on cash and cash equivalents thus amounted to € +0.99 million.

Positive free cash flow of € 1.62 million, up 45% from the prior-year level

The cash flow from investing activities amounted to € -0.63 million (prior year: € 1.28 million). Investments in property, plant and equipment and other intangible assets fell by € 0.20 million from the previous year, of which € 0.13 million was related to lower investments in product development. Own work capitalized amounting to € 0.40 million was in contrast to scheduled depreciation of € 0.64 million. The positive cash flow from investing activities in the prior-year period resulted from the sale of BRAIN FORCE SOFTWARE GmbH, which led to a cash inflow of € 3.31 million. In the previous year a total of € 1.11 million was invested in acquisitions. A positive free cash flow of € 1.62 million could be generated in the first six months of the current 2010/11 fiscal year, a rise of 45% from the prior-year level.

Solid level of cash at € 4.53 million on the reporting date

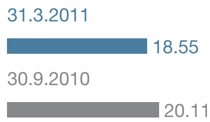
The cash flow from financing activities at € -1.00 million resulted from € -0.92 million relating to the reduced use of overdraft facilities and € -0.08 million from the scheduled repayment of a non-current loan. Thus the positive free cash flow was largely used to reduce the company's financial liabilities. Non-current financial liabilities totaling € 9.97 million are due in 2014. On balance, the change in cash and cash equivalents from continuing operations amounted to € 0.62 million (prior year: € 0.21 million). The cash flow from the discontinued operations in Berlin amounted to € -0.21 million (prior year: € - 0.83 million). As at March 31, 2011, the BRAIN FORCE Group had cash and cash equivalents totaling € 4.53 million (September 30, 2010: € 4.12 million).

Financial Position

The balance sheet total of the BRAIN FORCE Group was € 49.92 million as at March 31, 2011, whereas equity amounted to € 18.55 million. Accordingly, the equity ratio decreased to 37 after 39% as at

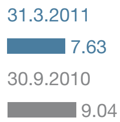
September 30, 2010, which is related to the negative total result for the period in the amount of € -1.56 million. Of the total result for the period, a negative earnings contribution of € -1.12 million was generated by SolveDirect Service Management GmbH, which is consolidated at equity. This earnings contribution is within the budgeted amount, and results from the increased costs of expansion on the US market and the dilution effect of three capital increases.

Equity in € million



Working capital (inventories plus trade receivables less trade payables and other current liabilities) fell from € 3.30 to 0.49 million in the first six months, which is primarily attributable to the 8% decline in trade receivables to € 16.25 million. In contrast, other receivables rose by € 1.19 to 2.53 million and other current liabilities by € 1.43 to 8.31 million. The decrease in trade receivables as well as the increase in other receivables is mainly due to the factoring agreement concluded by BRAIN FORCE Software GmbH, Germany. The rise in other liabilities shows higher liabilities relating to deferred income from maintenance contracts as well as a higher level of obligations from holiday entitlements. On balance, net debt as at March 31, 2011 amounted to € 7.63 million, down from € 9.04 million as at September 30, 2010. The 16% reduction in net debt is due to the positive free cash flow. Gearing (ratio of net debt to equity) of the BRAIN FORCE Group also correspondingly improved and was at 41% as at September 30, 2010, compared to the figure of 45% which still prevailed as at September 30, 2010.

Net debt in € million



Research and Development

Further development of BRAIN FORCE CRM as well as FINAS Risikoabsicherung, Fördercenter and Vorsorgeoptimierung

In **Germany**, the FINAS modules BRAIN FORCE CRM, Risikoabsicherung (risk protection) Fördercenter (public subsidies overview) and Vorsorgeoptimierung (pension benefits optimization) were expanded to more effectively support the sales processes of our customers. Our specialists also upgraded the application framework for the FINAS product range in order to further optimize the development of future products and subsequently reduce maintenance costs.

Participation in the Microsoft private beta partner program for AX 2012, functional enhancement of Deal Capture solution

Our subsidiary in **Italy** was one of the very first Microsoft partners to take part in a private Beta program for Microsoft Dynamics AX 2012, and is testing the new version within the context of a customer migration project. The BRAIN FORCE Deal Capture solution NG4 for stock exchange trading was functionally enhanced in order to be able to independently market it in the future. This software arose as the result of a customer project. It manages trading orders and conveys them via interfaces to Post Trading as well as Position Keeping Systems.

Functional expansion of Packaging Robot

In the **Netherlands** functional enhancements were added to the packaging software Packaging Robot. It now supports the editing of App-V packages based on the integration of a tool developed by the firm GridMagic.

Rollout of SolveDirect Release 5.7 with further improvements

SolveDirect rolled out its Release 5.7, enabling customers to receive a password policy in the standard version along with enhanced calendar functions and XML Web services, an accelerated setup from links to BMC Remedy and an even better overview of the order history.

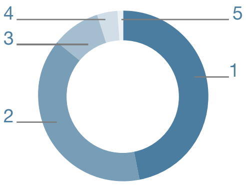
Human Resources

Increasing number of freelancers reflects positive further development

The total number of people working for the BRAIN FORCE Group as at March 31, 2011 amounted to 505 salaried employees, a decline of approximately 7% compared to March 31, 2010. In addition, the company employed 226 people on a freelance basis for various customer projects, up slightly by 3% from the prior-year level and the first rise since 2009. In our largest market of Germany, the total number of staff was down 6% on the basis of dismissals and short-time working. In the Central East Europe region, the number of employees fell 3%, just under the previous year's figure, whereas the total number of staff in the Netherlands declined even less by only 2%. The work force in the Central East Europe region rose slightly by 5% as a consequence of two recently acquired large contracts in Austria. On a percentage basis, the downsizing was most dramatic in the Holding and Other segment, which reduced its staff by 23% or two employees to only seven people, and thus further helped cut overhead costs.

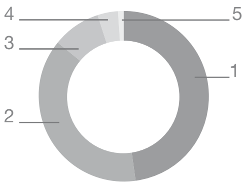
Employees by Segments

31.3.2011



1 Germany 47%
2 Italy 39%
3 The Netherlands 9%
4 Central East Europe 4%
5 Holding and Other 1%

31.3.2010



1 Germany 48%
2 Italy 38%
3 The Netherlands 9%
4 Central East Europe 4%
5 Holding and Other 1%

On balance, the BRAIN FORCE Group employed 731 people at the reporting date, a drop of 4% or 33 employees from the comparable figure at March 31, 2010.

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

- Germany: 342 (prior year: 365 / chg.: -6%)
- Italy: 284 (prior year: 292 / chg.: -3%)
- The Netherlands: 69 (prior year: 70 / chg.: -2%)
- Central East Europe: 29 (prior year: 27 / chg.: +5%)
- Holding and Other: 7 (prior year: 9 / chg.: -23%)

On average, the staff of the BRAIN FORCE Group was comprised of 502 salaried employees (prior year: 621) and 210 people on a freelance basis (prior year: 224) in the months October 2010 to March 2011. The total average number of employees amounted to 712, a decline of 16% from the prior-year period. Adjusted to take account of the changes in the consolidation range (sale of the Professional Services business in Austria, change in the reporting of SolveDirect to at equity consolidation and the acquisition of Inisys), the decrease in the total workforce was 9%.

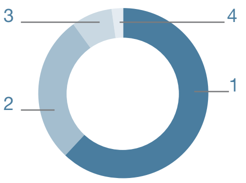
With respect to disclosures about related party transactions, reference is made to the notes to the consolidated financial statements contained in this first half-year report 2010/11.

Order Intake

As at March 31, 2011, the order volume at the Group level amounted to € 19.42 million, a gratifying increase of 21% from the comparable figure on September 30, 2010, and 8% year-on-year since March 31, 2010. Thus the economic upturn has now also had a significantly positive effect on order situation of the BRAIN FORCE Group.

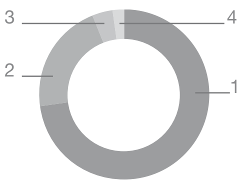
Order Intake by Regions

31.3.2011



1 Germany 62%
2 Italy 28%
3 The Netherlands 8%
4 Central East Europe 2%

31.3.2010



1 Germany 73%
2 Italy 21%
3 The Netherlands 4%
4 Central East Europe 2%

The growth in the order intake in the Central East Europe region was 40%, which is primarily related to two new large customers in Austria. The order volume in Italy and the Netherlands rose even more impressively, expanding by 50% and 96% respectively. In particular, the sales pipeline in the Netherlands has developed in a very solid way over recent months, and has once again reached its pre-crisis level. Incoming orders only fell in Germany by 9% from the prior-year reporting date of March 31, 2010, which is primarily related to fulfilling a large, long-term order at the Frankfurt office.

On March 31, 2010, the order volumes are attributable to the regions as follows:

- Germany accounts for orders of € 11.95 million (March 31, 2010: € 13.17 million).
- Italy accounts for orders of € 5.50 million (March 31, 2010: € 3.67 million).
- The Netherlands have an order intake totaling € 1.49 million (March 31, 2010: € 0.76 million).
- Central East Europe has orders on hand of € 0.48 million (March 31, 2010: € 0.34 million).

Outlook

The restructuring measures and the economic recovery implemented in the past few years had a positive impact on the business development of the BRAIN FORCE Group in the first half of 2010/11. Thus all operating segments succeeded in achieving a positive operating result both in the first and second quarters of the current fiscal year. Moreover, forecasts published by several market research institutes point to a sustained economic recovery in the upcoming years. This has been demonstrated recently by the significant rise in the order intake volume of the BRAIN FORCE Group. A positive business development for the 2010/11 fiscal year as a whole can be expected based on the current sales pipeline. Under these circumstances and from today's perspective, we anticipate the achievement of our targets and thus a positive operating result for the entire fiscal year.

First Half-Year Accounts (IFRS) of the BRAIN FORCE Group

Statement of Comprehensive Income in EUR	1-3/2011	1-3/2010	10/2010-3/2011	10/2009-3/2010
Continuing operations				
Revenues	16,856,888	16,375,626	33,903,584	37,401,772
Cost of sales	-13,639,837	-13,655,845	-26,982,467	-30,016,509
Gross profit	**3,217,051**	**2,719,781**	**6,921,117**	**7,385,263**
Selling expenses	-1,563,204	-1,763,900	-3,197,327	-4,065,082
Administrative expenses	-1,727,839	-1,796,293	-3,479,263	-3,918,287
Other operating expenses	-146,503	-103,769	-276,520	-283,456
Other operating income	13,625	71,628	37,503	204,728
Operating profit/loss before non-recurring items (Operating EBIT)	**-206,870**	**-872,553**	**5,510**	**-676,834**
Restructuring costs	0	-1,965,519	0	-1,965,519
Non-recurring income	0	3,913,445	0	6,325,381
Operating profit/loss after non-recurring items (EBIT)	**-206,870**	**1,075,373**	**5,510**	**3,683,028**
Financial income	5,534	31,767	6,539	39,093
Financial expenses	-235,516	-169,058	-384,121	-351,640
Financial result	**-229,982**	**-137,291**	**-377,582**	**-312,547**
Result from associates	-481,737	-881,206	-1,122,733	-881,206
Profit/loss before tax	**-918,589**	**56,876**	**-1,494,805**	**2,489,275**
Income taxes	21,652	-187,595	-50,733	-248,726
Profit/loss after tax from continuing operations	**-896,937**	**-130,719**	**-1,545,538**	**2,240,549**
Loss after tax from discontinued operation	0	-20,856	0	-97,951
Profit/loss after tax	**-896,937**	**-151,575**	**-1,545,538**	**2,142,598**
Changes in fair values of available-for-sale financial assets	-508	-1,052	-1,895	-7,708
Currency translation differences	20,144	-1,242	-10,909	-3,187
Other result	19,636	-2,294	-12,804	-10,895
Comprehensive income/loss	**-877,301**	**-153,869**	**-1,558,342**	**2,131,703**
Earnings per share 1)	**-0.06**	**-0.01**	**-0.10**	**0.14**
Earnings per share - adjusted 2)	-0.06	-0.14	-0.10	-0.14
Earnings per share from continued operations	-0.06	-0.01	-0.10	0.15
Earnings per share from discontinued operation	0.00	0.00	0.00	-0.01

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 10/2010 - 3/2011 in EUR	Germany	Italy	The Netherlands	Central East Europe	Holding and Others	Group
Revenues (consolidated)	18,578,561	10,465,250	3,384,278	1,475,495	0	**33,903,584**
EBITDA	855,775	683,543	305,435	52,770	-794,164	**1,103,359**
Operating EBITDA 1)	855,775	683,543	305,435	52,770	-794,164	**1,103,359**
Depreciation and amortization	-388,775	-387,378	-247,227	-44,172	-30,297	**-1,097,848**
Operating EBIT 1)	466,999	296,165	58,208	8,598	-824,460	**5,510**
Non-recurring expenses / income	0	0	0	0	0	**0**
EBIT	466,999	296,165	58,208	8,598	-824,460	**5,510**

Key ratios by segment 10/2009 - 3/2010 in EUR	Germany	Italy	The Netherlands	Central East Europe	Holding and Others	Group
Revenues (consolidated)	18,317,386	11,011,416	3,945,056	4,127,914	0	**37,401,772**
EBITDA	-361,472	552,265	-812,974	639,493	5,231,903	**5,249,215**
Operating EBITDA 1)	433,528	852,784	57,026	639,493	-1,093,478	**889,353**
Depreciation and amortization	-407,794	-446,795	-411,445	-274,591	-25,562	**-1,566,187**
Operating EBIT 1)	25,734	405,989	-354,419	364,902	-1,119,040	**-676,834**
Non-recurring expenses / income	-795,000	-300,519	-870,000	0	6,325,381	**4,359,862**
EBIT	-769,266	105,470	-1,224,419	364,902	5,206,341	**3,683,028**

1) Adjusted for non-recurring expenses / income

Cash Flow Statement in EUR	10/2010-3/2011	10/2009-3/2010
Profit/loss before tax	-1,494,805	2,489,275
Depreciation and amortization	1,097,848	1,566,187
Financial result	377,582	312,547
Result from associates	1,122,733	881,206
Gains / losses from the disposal of property, plant and equipment and intangible assets	179	-507
Elimination of gains from the sale of subsidiaries	0	-6,658,079
Changes in non-current provisions and liabilities	-120,129	-161,296
Gross Cash flow of continuing operations	**983,408**	**-1,570,667**
Changes in inventories	-42,302	-132,712
Changes in trade receivables	1,304,082	-2,349,270
Changes in trade payables	97,336	1,272,457
Changes in other current assets and liabilities	185,548	1,745,376
Currency translation differences	-1,432	13,763
Net interest paid	-334,995	-291,198
Income taxes received / paid	61,489	42,206
Cash flow from operating activities of continuing operations	**2,253,134**	**-1,270,045**
Payments for acquisition of subsidiaries	0	-1,111,079
Net payments from the sale of subsidiaries	0	3,305,233
Decrease from deconsolidation of subsidiaries	0	-77,243
Investments in property, plant and equipment and other intangible assets	-639,168	-838,259
Sale of property, plant and equipment and other intangible assets	10,270	507
Cash flow from investing activities of continuing operations	**-628,898**	**1,279,159**
Increase in financial liabilities	276,441	275,618
Repayments of financial liabilities and bank overdrafts	-1,277,525	-78,260
Dividends paid	0	0
Capital increase	0	0
Purchase of treasury shares	0	0
Cash flow from financing activities of continuing operations	**-1,001,084**	**197,358**
Change in cash and cash equivalents from continuing operations	**623,152**	**206,472**
Change in cash and cash equivalents from discontinued operation	**-212,169**	**-831,815**
Cash and cash equivalents at the beginning of the period	4,115,563	5,543,493
Change in cash and cash equivalents	410,983	-625,343
Cash and cash equivalents at the end of the period	**4,526,546**	**4,918,150**

Balance Sheet in EUR	31.3.2011	30.9.2010
ASSETS		
Property, plant and equipment	1,737,785	1,885,838
Goodwill	11,001,151	11,001,151
Other intangible assets	2,614,846	2,936,087
Investments in associates	9,406,015	10,528,748
Financial assets	47,396	49,291
Other receivables and assets	91,312	74,191
Deferred tax assets	1,469,490	1,345,698
Non-current assets	**26,367,995**	**27,821,004**
Inventories	246,510	204,208
Trade receivables	16,250,497	17,571,459
Other receivables and assets	2,525,665	1,339,590
Cash and cash equivalents	4,526,546	4,115,563
Current assets	**23,549,218**	**23,230,820**
Total assets	**49,917,213**	**51,051,824**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	15,386,742	15,386,742
Reserves	10,733,267	10,746,071
Retained earnings	-7,568,786	-6,023,248
Equity	**18,551,223**	**20,109,565**
Financial liabilities	9,968,183	9,962,825
Other liabilities	138,104	141,514
Provisions for post-employment benefits	1,432,876	1,530,710
Deferred tax liabilities	118,662	120,592
Non-current liabilities	**11,657,825**	**11,755,641**
Financial liabilities	2,184,234	3,190,676
Trade payables	7,700,022	7,602,483
Other liabilities	8,309,052	6,878,531
Income tax provisions	1,288,944	1,065,006
Other provisions	225,913	449,922
Current liabilities	**19,708,165**	**19,186,618**
Total equity and liabilities	**49,917,213**	**51,051,824**

Changes in equity in EUR	Attributable to equity holders of the parent company				
	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
Balance 1.10.2009	**15,386,742**	**12,376,066**	**-290,678**	**-8,157,276**	**19,314,854**
Total result for the period 10/2009-3/2010	0	0	-10,895	2,142,598	2,131,703
Balance 31.3.2010	**15,386,742**	**12,376,066**	**-301,573**	**-6,014,678**	**21,446,557**
Transfer of reserves	0	-1,342,756	0	1,342,756	0
Result after tax	0	0	14,334	-1,351,326	-1,336,992
Total result for the period 4-9/2010	0	-1,342,756	14,334	-8,570	-1,336,992
Balance 30.9.2010	**15,386,742**	**11,033,310**	**-287,239**	**-6,023,248**	**20,109,565**
Total result for the period 10/2010-3/2011	0	0	-12,804	-1,545,538	-1,558,342
Balance 31.3.2011	**15,386,742**	**11,033,310**	**-300,043**	**-7,568,786**	**18,551,223**

Notes to the First Half-Year Accounts

Accounting and Measurement Principles

This interim report of BRAIN FORCE HOLDING AG as at March 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 in preparing the consolidated financial statements presented in the annual report as at September 30, 2010 remain unchanged. For more information on accounting and measurement principles, we refer to the annual report and the consolidated financial statements as at September 30, 2010, which serve as the basis for this interim report.

Consolidated Group

All subsidiaries, including those companies 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 changed as follows compared to the reporting date of September 30, 2010: Based on a notarial deed dated December 9, 2010, BRAIN FORCE HOLDING AG established the company Network Performance Channel GmbH based in Langen, Germany. The object of the company is trading with and developing IT products and providing IT services. Network Performance Channel GmbH was entered into the commercial register on January 7, 2011 and will be included in the consolidation range as a fully consolidated company.

BRAIN FORCE SOFTWARE GmbH, Vienna, and SolveDirect Service Management GmbH, Vienna, were included in the consolidated group as fully consolidated companies in the comparable prior-year period (October 1 to December 31, 2009). BRAIN FORCE SOFTWARE GmbH, Vienna, was sold based on a purchase and sale agreement dated December 16, 2009, and deconsolidated as at December 31, 2009. SolveDirect Service Management GmbH, Vienna, was deconsolidated as at January 1, 2010 following the participation of a financial investor and the resulting loss of control over the company, and is included in the consolidated group as an associated company reported at equity.

INISYS Software-Consulting Ges.m.b.H., Neulengbach, was acquired based on a purchase and transfer agreement dated February 25, 2010. The company was not included in the consolidation range during the period October 1, 2009 to February 28, 2010. The company was renamed as BRAIN FORCE GmbH effective August 5, 2010.

In comparison to the first half of the previous fiscal year, changes in the consolidation range reduced revenues by € 2.72 million, whereas EBITDA correspondingly declined by € 0.47 million.

Comments on the Statement of Comprehensive Income

The discontinued business operation of the Berlin office as at the end of the short fiscal year 2009 were completely terminated in the first quarter of the 2010/11 fiscal year. Due to the use of the provisions allocated for the shutdown of this site, the discontinued operation in Berlin no longer has an effect on earnings in the statement of comprehensive income. No earnings contributions of the Berlin office are expected in the future. However, the cash outflows relating to the use of the remaining provisions will be presented in the cash flow statement.

Group revenues fell by 9% from the prior-year period to € 33.90 million. Operating EBITDA (before non-recurring items) increased by 24% from the previous year, from € 0.89 to 1.10 million. The operating result (EBIT) rose from € -0.68 to +0.01 million. In the first half of the prior year, the company generated non-recurring income totaling € 6.33 million, which is related to a book gain of € 2.47 million from the sale of BRAIN FORCE SOFTWARE GmbH, Vienna and the realization of hidden reserves of € 3.86 million within the context of the initial at equity consolidation of SolveDirect Service Management GmbH, Vienna. In addition, restructuring costs of € 1.97 million arose in the prior year, which resulted in an EBITDA of € 5.25 million and an EBIT of € 3.68 million in the first six months.

The financial result of € -0.38 million showed a slight deterioration from the prior-year level, which can be attributed to increased financing costs. The result from associates amounted to € -1.12 million, which is related to SolveDirect Service Management GmbH. This includes the negative earnings contribution of € -0.54 million in the current fiscal year and the dilutive effect of € -0.59 million based on three further capital increases of the 3TS Cisco Growth Fund to finance the company's expansion.

The loss after tax amounted to € -1.55 million in the first six months of the current fiscal year, following a profit after tax from continuing operations of € 2.24 million generated in the prior year due to the restructuring costs and non-recurring income.

Segment Information

BRAIN FORCE HOLDING AG reports according to geographic segments in accordance with the management approached contained in the stipulations of IFRS 8, “Operating Segments”. Segment earnings (operating EBITDA and operating EBIT) are reported before brand licensing costs and intercompany charges. Segment information is included in this interim report directly after the consolidated income statement. The operating segment South West Europe has been renamed as Italy.

Comments on the Cash Flow Statement

Compared to the consolidated financial statements as at September 30, 2010, the reporting of cash flow was changed. Accordingly, the balance of net interest paid and net interest received as well as the item income taxes paid is no longer reported in the gross cash flow, but in the cash flow from operating activities. In contrast, the elimination of gains resulting from divestments in the past fiscal year is reported in the gross cash flow. Adjustments were correspondingly made to the prior-year presentation of the cash flow statement.

The gross cash flow from continuing operations was € 0.98 million in the first six months of the current fiscal year, and was thus considerably higher than the prior-year level of € -1.57 million. There was a turnaround in the cash flow from operating activities in the first half-year 2010/11, which improved from € -1.27 to +2.25 million. This increase of € 3.52 million is primarily the consequence of the consistent optimization of working capital as well as the earnings improvement. The factoring agreement concluded by the German subsidiary also had a positive effect. On the basis of this contract trade receivables declined by € 1.73 million at the reporting date of March 31, 2011, whereas other receivables rose by € 0.74 million. The net effect of the factoring agreement on cash and cash equivalents thus amounted to € +0.99 million.

The cash flow from investing activities amounted to € -0.63 million, compared to € +1.28 million in the prior year. Investments in property, plant and equipment and other intangible assets fell by 24% to € 0.64 million. The positive cash flow from investing activities in the prior-year period resulted from the sale of BRAIN FORCE SOFTWARE GmbH, which led to a cash inflow of € 3.31 million. In the previous year a total of € 1.11 million was invested in acquisitions. A positive free cash flow of € 1.62 million could be generated in the first six months of the current 2010/11 fiscal year. The cash flow from financing activities at € -1.00 million shows a reduction in financial liabilities, whereas financial liabilities increased by € 0.20 million in the prior year.

Comments on the Balance Sheet

The balance sheet total was € 49.92 million at the reporting date, a decline of 2% from September 30, 2010. Non-current assets made up 53% of total assets, amounting to € 26.37 million on the reporting date, down from € 27.82 million as at September 30, 2010. Property, plant and equipment and other intangible assets were reduced by € 0.47 million. Capital expenditures on property, plant and equipment and other intangible assets totaling € 0.64 million in the reporting period (of which € 0.40 million comprised product development costs) were in contrast to scheduled depreciation of € 1.10 million. Investments in associates declined by € 1.12 to 9.41 million. BRAIN FORCE HOLDING AG held a 68.67% shareholding in SolveDirect as at March 31, 2011 (September 30, 2010: 81.42%).

Current assets comprised 47% of total assets on the reporting date of March 31, 2011. Trade receivables decreased by about 8% from the comparable figure at September 30, 2010 to € 16.25 million or 32% of total assets. In the second quarter BRAIN FORCE Software GmbH, Munich, Germany signed a factoring agreement with a banking institution relating to the acquisition of the trade receivables defined in the contract. At the reporting date the acquired trade receivables totaled € 1.73 million, which led to a corresponding write-off of these trade receivables to the same amount. At the same time, the blocked amount (specified percentage of the acquired receivables) specified in the agreement as well as the share of the acquired receivables unused by BRAIN FORCE Software GmbH increased the item other receivables and assets by € 0.74 million. Cash and cash equivalents of the BRAIN FORCE Group rose by 10% and amounted to € 4.53 million at the reporting date.

IFRS-based equity in the BRAIN FORCE Group at March 31, 2011 was € 18.55 million, corresponding to an equity ratio of 37%. Non-current liabilities marginally fell from € 11.76 to 11.66 million.

Current liabilities rose by 3% to € 19.71 million, which is primarily due to the increase in other liabilities by € 1.43 to 8.31 million. Trade payables at € 7.53 million remain virtually unchanged from the prior year at € 7.70 million. Income tax provisions rose by € 0.22 to 1.29 million, whereas other provisions for restructuring were reduced by € 0.22 to 0.23 million. Working capital at the reporting date was € 0.49 million, down by € 2.81 million compared to the level at September 30, 2010. € 1.73 million of this decline can be attributed to the sale of receivables in connection with the factoring agreement. Net debt on the reporting date of March 31, 2011 fell by € 1.41 to 7.63 million compared to the level at September 30, 2010.

As at March 31, 2011, the number of outstanding shares was 15,386,742. Authorized capital amounted to € 7,693,371.

Related Party Transactions

The major shareholders along with the management and supervisory board members of BRAIN FORCE HOLDING and those of associated companies are considered to be related parties. BEKO HOLDING AG, Nöhagen, Austria, was the majority owner until the registration of the spin-off of its shares in BRAIN FORCE HOLDING AG resolved upon at its Annual General Meeting on February 4, 2011. With the official entry into the commercial register of this split on March 12, 2011, CROSS Informatik GmbH, Wels, in which CROSS Industries AG, Wels, has a substantial share, is now the new majority owner of BRAIN FORCE HOLDING AG.

Service relationships exist with both BEKO Engineering & Informatik AG, a subsidiary of BEKO HOLDING AG, as well as with subsidiaries of CROSS Industries AG. However, the scope of these relationships does not have a material effect on the financial situation of the BRAIN FORCE Group. A transfer agreement was concluded with Hofer Management GmbH, Vöcklabruck, in which BRAIN FORCE'S CEO Michael Hofer holds a 100% stake. Service relationships also exist with the associated company SolveDirect Service Management GmbH, Vienna, the scope of which does not have a material impact on the financial situation of the company.

Audit Waiver for the Interim Report

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

Other Disclosures

In its meeting held on December 16, 2010, the Supervisory Board of BRAIN FORCE HOLDING AG resolved to extend the contracts of the Management Board members Michael Hofer and Thomas Melzer until the end of the 2011/12 fiscal year, thus until September 30, 2012.

At the 13th Annual General Meeting of BRAIN FORCE HOLDING AG on March 2, 2011, it was resolved, amongst other things, to authorize the Management Board to acquire its own stock (treasury shares), to creating new authorized capital and the conditional increase of share capital pursuant to § 159 (2) Stock Corporation Act and to issue financial instruments to creditors. The resolutions relating to increasing new authorized capital and the conditional increase of share capital were entered into the company register on April 21, 2011.

Statement of all Legal Representatives

We confirm to the best of our knowledge that the condensed interim 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 (IFRS), and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, and of the principal risks and uncertainties for the remaining six months of the financial year, and of the major related party transactions to be disclosed.

May 12, 2011

The Management Board

Michael Hofer

Thomas Melzer

Financial Calendar

Date	Event
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

Information on the Company and the BRAIN FORCE Share

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