

Report on the 1st quarter of 2009/10

BRAIN FORCE Key Data

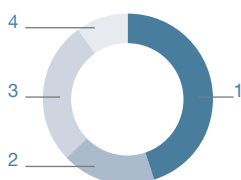
Earnings Data ¹⁾		10-12/2009	10-12/2008	Chg. in %	2008/09 ²⁾
Revenues	<i>in € million</i>	21.03	27.51	-24	89.20
EBITDA	<i>in € million</i>	3.52	2.25	+56	2.05
Operating EBITDA ³⁾	<i>in € million</i>	1.11	2.25	-51	3.44
EBIT	<i>in € million</i>	2.61	1.29	>100	-1.59
Operating EBIT ³⁾	<i>in € million</i>	0.20	1.29	-85	-0.21
Profit before tax	<i>in € million</i>	2.43	0.50	>100	-2.65
Profit after tax	<i>in € million</i>	2.37	-3.06	>100	-5.46
Earnings per share	<i>in €</i>	0.15	-0.20	>100	-0.35
Adjusted earnings per share ³⁾	<i>in €</i>	0.00	0.03	>100	-0.08
Capital expenditure	<i>in € million</i>	0.41	0.78	-48	2.64
Acquisitions	<i>in € million</i>	0.00	-0.13	-100	0.14
Employees ⁴⁾		921	1,126	-18	1,049

Balance Sheet Data		31.12.2009	30.09.2009	Chg. in %
Equity	<i>in € million</i>	21.60	19.31	+12
Net debt	<i>in € million</i>	7.80	5.65	+38
Capital employed	<i>in € million</i>	29.37	24.77	+19
Working capital ⁵⁾	<i>in € million</i>	3.52	2.83	+24
Balance sheet total	<i>in € million</i>	54.46	54.45	0
Equity ratio	<i>in %</i>	40	35	-
Gearing	<i>in %</i>	36	29	-

Stock Exchange Data ⁶⁾		10-12/2009	1-9/2009	Chg. in %
Share price high	<i>in €</i>	1.25	2.19	-43
Share price low	<i>in €</i>	1.04	1.02	+2
Share price at end of period	<i>in €</i>	1.22	1.20	+2
Shares outstanding (weighted)	1,000	15,387	15,387	0
Market capitalization (ultimo)	<i>in € million</i>	18.77	18.46	+2

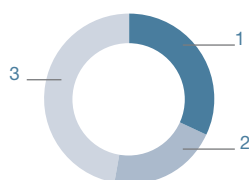
Segments 10-12/2009 <i>in € million</i>	Germany		Central East Europe		South West Europe		North Europe		Holding and Other	
Revenues	9.57	(-29%)	3.71	(-9%)	5.71	(-23%)	2.04	(-21%)	0.00	-
Operating EBITDA ³⁾	0.57	(-56%)	0.52	(-38%)	0.45	(-28%)	0.10	(-60%)	-0.52	(-30%)
Operating EBIT ³⁾	0.37	(-63%)	0.25	(-57%)	0.23	(-47%)	-0.12	(>100%)	-0.54	(-30%)
Capital expenditure	0.12	(+29%)	0.06	(-66%)	0.09	(-55%)	0.12	(-49%)	0.01	(-80%)
Employees ⁴⁾	392	(-17%)	137	(-17%)	305	(-22%)	77	(-14%)	11	(+6%)

Revenues by Regions



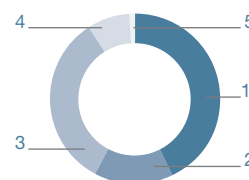
- 1 Germany 45%
- 2 Central East Europe 18%
- 3 South West Europe 27%
- 4 North Europe 10%

Revenues by Business Areas



- 1 Professional Services 32%
- 2 Business Solutions 21%
- 3 Infrastructure Optimization 47%

Employees by Segments



- 1 Germany 43%
- 2 Central East Europe 15%
- 3 South West Europe 33%
- 4 North Europe 8%
- 5 Holding and Other 1%

1) from continuing operations
 2) unaudited results for the period October 1, 2008 to September 30, 2009
 3) adjusted for non-recurring income and expenses and for the result from discontinued operations
 4) average number of employees during the period
 5) Inventories + trade receivables - trade payables - other current liabilities
 6) Vienna Stock Exchange

Chief Executive's Review



Dr. Michael Hofer, CEO
of BRAIN FORCE HOLDING AG

Dear shareholders, ladies and gentlemen,

The first quarter of the new 2009/10 financial year, which commenced in October 2009 following the change in the company's balance sheet date, continued to be negatively affected by a difficult business environment. For me personally, the first quarter in which I served as Chief Executive Officer of BRAIN FORCE HOLDING AG was a period shaped by two strategically important transactions: first, the sale of our Professional Services business in Austria to BEKO, and second, the joining of an investor in respect to SolveDirect to finance its expansion in the USA.

Realization of two strategically important transactions in the first quarter

The restructuring measures carried out in the last year, particularly the personnel reduction in Italy and the consistent cost savings measures, have had a positive impact. As a result, we succeeded for the most part in compensating for the considerable revenue decline in the context of the economic crisis, and generated a positive quarterly operating result in the BRAIN FORCE Group. However, we must not be content with this successful interim result. On the one hand, our performance is significantly below the prior year's record earnings, at a time when we were still relatively untouched by the negative effects of the economic crisis. On the other hand, a lot of tough work lies ahead if we want to achieve our medium-term target of a 5% EBIT margin.

Operating result considerably below 2008 record, but positive

Group revenues in the period October to December 2009 were down 24% from the record level in the prior year, to € 21.03 million. Operating EBITDA (before non-recurring income) was cut in half to € 1.11 million, and operating EBIT was down from € 1.29 to 0.20 million, but remained positive. The earnings decline is primarily due to the absence of relevant software license sales, which usually made an important contribution to the earnings in this respective quarter in the past. In Germany, revenues were down 29% and operating EBIT fell by 63%. A large project expired in Frankfurt, which could not be compensated by other incoming orders. Revenues in the Central East Europe region fell by 9% and operating EBIT by 57%. Service revenues remained relatively stable, whereas the weaker license sales of SolveDirect were the main reason for the earnings downturn. The revenues generated by the South West Europe region declined by 23%, and operating EBIT fell by 47% from the prior-year level. Also in this case, the lower proceeds from license sales in the ERP business had a disproportionately negative impact on earnings. Business developed unfavorably in the North Europe region, where a large public sector customer considerably reduced project orders, and as well expected license sales failed to materialize. In turn, this resulted in a negative operating EBIT.

First-quarter earnings decline due to absence of software license sales

Extraordinarily high Group EBIT based on sales of Professional Services business in Austria

On a positive note, we achieved a non-recurring book gain of € 2.41 million from the sale of our Professional Services business in Austria for € 3.80 million in cash, serving as the basis for us to report an exceptionally high Group EBITDA of € 3.52 million (prior year: € 2.25 million) and an EBIT of € 2.61 million (prior year: € 1.29 million) in the first quarter of the 2009/10 financial year. A closer look at the cash flow and balance sheet must take into account the fact that the proceeds from this divestment are being paid in two tranches (January 5th and March 31st, 2010), and is reported as an outstanding receivable in the quarterly financial statements.

Sales proceeds can be used for acquisitions in growth areas

This transaction was a “win-win” situation. By taking over the Professional Services unit of the BRAIN FORCE Group, BEKO can exploit synergies based on economies of scale, and we obtain cash which we will invest in our growth areas, namely Business Solutions and Infrastructure Optimization. There is a good chance that we will be able to accelerate the expansion of our Austrian Microsoft Dynamics unit (Business Solutions area) in the near future based on the acquisition of a medium-sized Austrian company.

Organic and transaction-related decrease in revenues in the full year

The outlook for the 2009/10 financial year must take into consideration that the sale of the Professional Services business in Austria will result in the loss of the related revenue and earnings contribution, which will not be compensated in the short term by the planned anorganic growth in the Business Solutions area. Moreover, it is important to understand that the joining of a financial investor in respect to SolveDirect will enable strong revenue growth in the USA, but this company will only be consolidated at equity as of the second quarter of the year. In addition, the expansion will result in negative medium-term contributions to the financial result of the BRAIN FORCE Group. Combined with the ongoing economic crisis, total Group revenues will likely drop to about € 70 million.

Positive EBIT remains the target for 2009/10

The current developments at our subsidiaries in Frankfurt and the Netherlands point to the fact that further restructuring measures will be required, which we will determinedly implement and report separately. In Frankfurt, the significant reduction in project orders by a globally operating airline could not be compensated by the additional business opportunities. For this reason, we will have to prune personnel expenses by introducing short-time working or dismissal of employees. In the Netherlands, the absence of license sales negatively impacts earnings, and we will also have to reduce the number of employees there. Nevertheless, our goal is to conclude the 2009/10 financial year with a positive EBIT, which will include restructuring costs of up to € 1.4 million and a book gain from the sale of the Professional Services business in Austria of € 2.41 million.

Yours



Michael Hofer

Financial Review

First Quarter Earnings (October to December 2009)

In the first three months of the 2009/10 financial year, the BRAIN FORCE Group generated revenues of € 21.03 million, down 24% from the comparable period October to December 2008, which was exceptionally positive for BRAIN FORCE. In particular, customer restraint in purchasing new software licenses, which normally made important contributions to earnings in this quarter in the past, burdened the development of revenues and earnings.

In Germany, revenues fell by 29% to € 9.57 million, which was primarily the result of the considerably lower employee utilization in Frankfurt following the expiration of a large roll-out project in the aviation industry. Moreover, lower service revenues from FINAS software suite had a negative effect on revenue development. Revenues of the South West Europe region decreased by 23% compared to a strong prior year quarter to € 5.71 million, which was the consequence of the restraint displayed by Italian customers in respect to new IT investments. Whereas the expected license sales failed to materialize in North Europe and the region posted a 21% decline in revenues to € 2.04 million, the revenue downturn was limited to 9% in Central East Europe, which achieved revenues of € 3.71 million. New contract orders enabled the Professional Services area to stabilize its revenues. In contrast, SolveDirect revenues were below the prior-year level.

The restructuring measures carried out in 2009 succeeded in cushioning the revenue decline. In the period October to December 2009, operating EBITDA (before non-recurring income) fell by € 1.14 to 1.11 million, and operating EBIT decreased by € 1.10 to 0.20 million. The decreased operating results were mainly the consequence of the considerably lower proceeds from license sales throughout the Group, and the lower employee utilization at the BRAIN FORCE subsidiary in Frankfurt. Moreover, it is important to note that BRAIN FORCE had generated one of the best operating results in the company's history in the fourth calendar quarter of 2008.

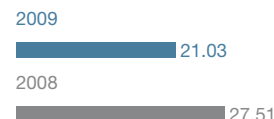
In Germany, EBITDA totaled € 0.57 million (-56% from the prior year) and EBIT was € 0.37 million. The South West Europe region generated an EBITDA of € 0.45 million (-28%) and an EBIT of € 0.23 million. EBITDA in the Central East Europe region amounted to € 0.52 million (-38%) and EBIT was € 0.25 million. North Europe managed to generate an EBITDA of € 0.10 million (-60%), but posted a negative EBIT of € 0.12 million. The operating EBIT of the Holding and Other segment improved from € -0.77 to -0.54 million, which can be primarily attributed to a provision for rental and maintenance costs to vacant offices formerly used by BRAIN FORCE in Vienna in the prior year.

Group EBITDA rose by 56% to € 3.52 million, which includes the book gain arising from the sale of BRAIN FORCE SOFTWARE GmbH, Vienna. Group EBIT even doubled to € 2.61 million. Compared to the preceding year, the financial result improved by € 0.62 to -0.18 million. The financial result in the first quarter of the prior year was negatively affected by the write-off of the KEMP convertible bond totaling € 0.63 million. Profit before tax in the first quarter of 2009/10 totaled € 2.43 million, an increase of € 1.93 million, and profit after tax from continuing operations improved from € -3.06 to +2.37 million. The profit after tax in the prior year was burdened by the write-off of capitalized tax loss carry-forwards amounting to € 2.90 million in connection with the takeover of BRAIN FORCE by Cross Industries AG. The earnings from discontinued operations were € -0.08 million in the first quarter of 2009/10 (prior year: € -0.14 million). Accordingly, the total result for the period was € +2.29 million (prior year: € -3.19 million), corresponding to earnings per share of € +0.15 (prior year: € -0.21). Earnings per share adjusted for non-recurring income (sale of BRAIN FORCE SOFTWARE GmbH) and earnings from discontinued operations amounted to € 0.00.

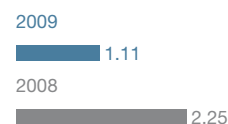
Cash Flow

The gross cash flow from continuing operations rose significantly from the prior year quarter, improving by € 3.08 to +4.29 million (prior year: € +1.20 million). Adjusted to take account of the non-recurring effect from the sale of BRAIN FORCE SOFTWARE GmbH, Vienna, the gross cash flow totaled € +0.88 million. The cash flow from operating activities of continuing operations (operating cash flow) decreased from € +4.54 to

Group revenues 10-12 in € million



Operating EBITDA 10-12 in € million



All operating companies with positive EBITDA

EBIT doubling due to non-recurring income from sale of our Professional Services business in Austria

Increase of Working Capital at end of quarter as cause for decrease in operating Cash Flow

-1.33 million. This decline is due to the € 0.69 million increase in working capital to € 3.52 million, whereas working capital in the prior year quarter fell by € 3.35 million. The extraordinarily good level in the comparable period of the previous year included an advance payment received of € 0.73 million.

Reduction of capital expenditures

The cash flow from investing activities amounted to € -0.57 million (prior year: € +0.59 million), including capital expenditures on property, plant and equipment and other intangible assets of € -0.41 million (prior year: € -0.78 million). The cash outflow for the divestment of subsidiaries in the amount of € 0.16 million related to the loss of cash and cash equivalents in connection with the deconsolidation of BRAIN FORCE SOFTWARE GmbH, Vienna. It is important to note that the proceeds from the sale are being paid in two tranches (January 5th and March 31st, 2010), and are reported as an outstanding receivable in the quarterly financial statements. The positive cash flow from investing activities in the prior year quarter includes cash inflows from the disposal of investments in available-for-sale securities (€ +0.88 million) and from the acquisition and sale of subsidiaries (€ +0.43 million). The cash flow from financing activities at € +0.12 million (prior year: € -1.05 million) shows a slight increase in financial liabilities and overdrafts. Of the non-current financial liabilities amounting to € 10.85 million, a total of € 0.90 million is due for payment between 2011 and 2012, with € 9.95 million first maturing in the year 2014.

Financial Position

Equity in € million

31.12.2009

21,60

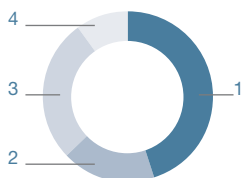
30.09.2009

19,31

The balance sheet total of the BRAIN FORCE Group was € 54.46 million as at December 31, 2009, and equity amounted to € 21.60 million. Accordingly, the equity ratio improved to 40% after 35% as at September 30, 2009, which is primarily related to the positive total result for the period in the amount of € 2.29 million. Net debt as at December 31, 2009 was € 7.80 million, up from € 5.65 million as at September 30, 2009. This increase is related to the negative cash flow from operating activities as well as capital expenditures. In addition, the sale of BRAIN FORCE SOFTWARE GmbH, Vienna, reported as a cash outflow of € 0.16 million in these interim financial statements, has a negative short-term effect, due to the fact that the acquisition price of € 3.80 million will first be due in the second quarter of the 2009/10 financial year, as contractually stipulated. Accordingly, the gearing (ratio of net debt to equity) of the BRAIN FORCE Group exclusively relating to the reporting date of December 31, 2009 increased from 29 to 36% and the ratio of net debt to operating EBITDA was 3.4x calculated over the last 12 months. The outstanding receivable related to the purchase price for the Austrian BRAIN FORCE SOFTWARE GmbH is reported in the balance sheet as other receivables and assets, which correspondingly climbed from € 1.25 to 5.13 million. Cash and cash equivalents as at December 31, 2009 amounted to € 3.51 million (September 30, 2009: € 5.54 million), and will significantly increase once again after the cash inflow in respect with the outstanding purchase price.

Development of Segments

Revenues by Regions



1 Germany 45%

2 Central East Europe 18%

3 South West Europe 27%

4 North Europe 10%

BRAIN FORCE HOLDING AG reports according to geographic segments in accordance with the management approach stipulated in IFRS 8, "Operating Segments". The segment earnings (operating EBITDA and EBIT) have been reported before brand licensing costs and intercompany charges since 2009. These costs were still included in the prior year's segment reporting, whose figures were adjusted correspondingly in the current reporting.

The business activities of BRAIN FORCE are divided into the following segments respectively regions:

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

Germany

In the first quarter of the 2009/10 financial year, revenues in Germany declined by 29% to € 9.57 million, equaling 45% of Group revenues. EBITDA was down 56% to € 0.57 million and EBIT fell 63% to € 0.37 million.

It remained difficult for the Professional Services area to acquire new customers, due to continued restraint on the part of companies in respect to IT investments. In contrast, the situation with existing customers improved slightly, as demonstrated by the start-up of new projects in isolated cases. In the Business Solutions area, BRAIN FORCE won a large contract from a medium-sized financial institution to install a CRM system. However, a longstanding insurance customer significantly reduced its annual order volume, leading BRAIN FORCE to introduce short-term working in this area.

The newly-founded Infrastructure Optimization area developed satisfactorily. The cooperation with a leading global hardware and service provider in the field of software packaging, which was initiated in the prior year, could be intensified but is proceeding slower than planned. A roll-out project implemented by the Frankfurt office in the aviation sector expired. Generating new business from this target group remains difficult and below our expectations, which is related to the fact that the aviation industry continues to be hard hit by the economic crisis. The Channel activities in Frankfurt developed well, but could not improve essentially the overall situation at this location due the comparatively low revenues.

Central East Europe

During the period under review, revenues in the Central East Europe region amounted to € 3.71 million, a drop of 9% from the prior year and equaling a share of 18% of Group revenues. EBITDA totaled € 0.52 million, down 38% from the prior year, whereas EBIT amounted to € 0.25 million, compared to € 0.58 million in 2008.

At the end of 2009, BRAIN FORCE HOLDING AG sold its Professional Services business in Austria to BEKO Engineering & Informatik AG, a subsidiary of BEKO HOLDING AG. For this purpose, BRAIN FORCE SOFTWARE GmbH, Vienna, was sold for € 3.8 million in cash, which we will invest in our two growth areas, i.e. Business Solutions and Infrastructure Optimization.

In the Infrastructure Optimization area, the subsidiary SolveDirect Service Management GmbH performed on balance below the budgeted targets, which can be attributed to the ongoing difficult business environment. However, it continued the success story with its large customer Cisco, furthering its cooperation with this leading multinational producer of network structures in the USA, based on the sale of an SD.cube license. In order to be able to optimally exploit the expected growth potential in the field of IT service management solutions, particularly in the USA, BRAIN FORCE searched for a strategic partner which not only provides capital but also boasts a good American network. With 3TS Cisco Growth Fund we have found an ideal partner, which together with the SolveDirect management will invest up to € 6 million in SolveDirect Management GmbH over the next few years to finance its expansion on the U.S. market.

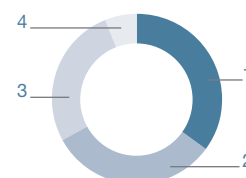
A project order to update an SQL data base was placed by a financial institution in the Czech Republic, which once again demonstrated the competence of BRAIN FORCE in this market environment.

South West Europe

In the period October to December 2009, revenues generated by the South West Europe region fell by 23% from the prior year to € 5.71 million, accounting for 27% of total Group revenues. EBITDA was down 28% to € 0.45 million, and EBIT totaled € 0.23 million, a drop of 47% from the preceding year.

In the area of Infrastructure Optimization, BRAIN FORCE Italy won a contract to implement a project on behalf of a subsidiary of a large Swiss bank. Various solutions were developed and related services provided for the investment banking and asset management divisions. The system management solution Altiris was implemented for a health care company. In the Business Solutions area, two production companies placed orders for a Customer Relationship Management and a Corporate Performance Management project respectively.

EBITDA by Regions



- 1 Germany 35%
- 2 Central East Europe 32%
- 3 South West Europe 27%
- 4 North Europe 6%

Acquisitions in growth areas

Participation of a financial investor to finance the U.S. expansion of SolveDirect

Infrastructure projects in the banking sector implemented by BRAIN FORCE Italy

North Europe

In the first quarter of the 2009/10 financial year, the North Europe region (Infrastructure Optimization area) generated revenues of € 2.04 million, down 21% from the prior year, accounting for 10% of Group revenues. EBITDA amounted to € 0.10 million (prior year: € 0.24 million), and EBIT was € -0.12 million (prior year: € 0.05 million).

Weak quarter primarily related to lower license sales

Several new contract orders were placed by the public sector, and the new Microsoft operating system Windows 7 was installed in two municipalities. However, all in all, the difficult environment for acquiring new customers, the decline in revenue from a large customer and the considerably lower license sales had a negative impact on the performance of the North Europe region.

Holding and Other

Clearly positive EBIT due to sale of BRAIN FORCE SOFTWARE GmbH, Vienna

Operating EBITDA of the Holding and Other segment improved from € -0.75 to -0.52 million, and operating EBIT from € -0.77 to -0.54 million. This improvement was chiefly the result of a provision for rental and maintenance costs related to vacant offices formerly used by BRAIN FORCE in Vienna in the prior year. Including the book gain derived from the sale of BRAIN FORCE SOFTWARE GmbH, Vienna, EBITDA of the segment was € 1.89 million and EBIT amounted to € 1.88 million.

Order Intake

Lower order volume reflects the difficult economic environment and sale of BRAIN FORCE SOFTWARE GmbH, Vienna

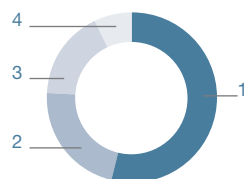
As of December 31, 2009, the order volume at the Group level amounted to € 16.50 million, down 48% from the extraordinarily high prior-year level of € 32.00 million. The order intake for the first quarter of the 2009/10 financial year declined by 29% compared to the level as of September 30, 2009. The significant year-on-year decrease is primarily related to the ongoing difficult economic environment, the loss of contracts attributable to the divested company BRAIN FORCE SOFTWARE GmbH, Vienna, and the expiration of large roll-out projects on behalf of a globally operating airline implemented by the BRAIN FORCE office in Frankfurt. Adjusted for the deconsolidation of the Austrian company, the order volume decreased by 43% from the prior-year level and 21% compared to the prior quarter.

As of December 31, 2009, the order volumes are attributable to the regions as follows:

- ▶ Germany accounts for orders of € 8.88 million (December 31, 2008: € 18.06 million). The considerable decline is primarily due to the expiration of large roll-out projects in Frankfurt on behalf of a globally operating airline.
- ▶ Central East Europe has orders on hand of € 3.61 million (December 31, 2008: € 7.12 million). The perceptibly lower order volume is mainly the consequence of the sale of BRAIN FORCE SOFTWARE GmbH, Vienna.
- ▶ South West Europe accounts for orders of € 2.78 million (December 31, 2009: € 4.57 million).
- ▶ North Europe has an order intake of € 1.22 million (December 31, 2008: € 2.25 million).

Order Intake by Regions

31.12.2009



- 1 Germany 54%
- 2 Central East Europe 22%
- 3 South West Europe 17%
- 4 North Europe 7%

31.12.2008



- 1 Germany 57%
- 2 Central East Europe 22%
- 3 South West Europe 14%
- 4 North Europe 7%

Research and Development

BRAIN FORCE has adapted the level of research and development to current market conditions and reduced revenues. In Germany, the campaign management solution and sales information system BRAIN FORCE CRM was tailored to the requirements of small and medium-sized banks, and was successfully implemented for an initial customer. In addition, we carried out adaptations on several modules of FINAS Suite in accordance with current legal regulations.

Focus on small and medium-sized banks with BRAIN FORCE CRM

In the Netherlands, BRAIN FORCE Infrastructure Framework was adapted to the new Microsoft operating system Windows 7 as well as the Windows Server 2008 R2. Furthermore, initial preparations were made for the latest version of Packaging Robot, which will be launched in early 2010. In Austria, SolveDirect introduced its Winter Release and published a Wikipedia documentation about the entire SolveDirect product offering. This will enable prospective customers to obtain comprehensive information about the functions, features and applications of individual SolveDirect products.

New version of Packaging Robot planned for early 2010

Human Resources

The total number of people working for the BRAIN FORCE Group as at December 31, 2009 amounted to 617 salaried employees, a decline of 24% compared to December 31, 2008. In addition, BRAIN FORCE employed 210 people on a freelance basis for various customer projects, a figure which is 33% lower than in 2008. The company was forced to make downward adjustments to its total number of staff due to the economic crisis and the resulting revenue decline. The South West Europe region was particularly affected by the personnel cutbacks. Short-term working was introduced in Germany, and quite a few employment contracts with freelance employees were not extended. The number of employees in the Central East Europe region was reduced by 105 on account of the sale of BRAIN FORCE SOFTWARE GmbH, Austria. On balance, the BRAIN FORCE Group employed 827 people on the balance sheet date, a drop of 27% or 302 employees from the comparable figure at December 31, 2008.

Lower number of staff due to implemented restructuring and cost saving measures

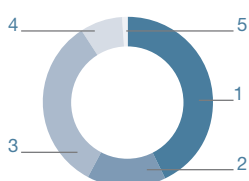
The breakdown of staff (salaried and subcontractors) by region as at December 31, 2009 is as follows:

- ▶ Germany: 396 (previous year: 481 / Change: -18%)
- ▶ Central East Europe: 50 (previous year: 163 / Change: -69%)
- ▶ South West Europe: 296 (previous year: 387 / Change: -24%)
- ▶ North Europe: 75 (previous year: 88 / Change: -15%)
- ▶ Holding and Other 10 (previous year: 10 / Change: +/- 0%)

On average, the staff of BRAIN FORCE was comprised of 685 salaried employees in the months October to December 2009 (prior year: 809, Change: -15%) and 236 people on a freelance basis (prior year: 317, Change: -26%). The total average number of employees in the BRAIN FORCE Group amounted to 921 people, a decline of 18% from the previous year.

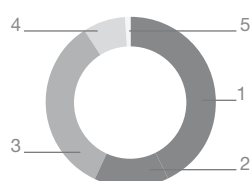
Employees by Segments

31.12.2009



- 1 Germany 43%
- 2 Central East Europe 15%
- 3 South West Europe 33%
- 4 North Europe 8%
- 5 Holding and Other 1%

31.12.2008



- 1 Germany 43%
- 2 Central East Europe 14%
- 3 South West Europe 34%
- 4 North Europe 8%
- 5 Holding and Other 1%

Quarterly report (IFRS) of the BRAIN FORCE Group

Income Statement in EUR	10-12/2009	10-12/2008
Continuing operations		
Revenues	21,026,146	27,507,491
Cost of sales	-16,360,664	-20,169,106
Gross profit	4,665,482	7,338,385
Selling expenses	-2,301,182	-2,838,219
Administrative expenses	-2,121,994	-2,393,427
Other operating expenses	-179,687	-861,055
Other operating income	133,100	48,817
Operating profit / loss before non-recurring income (Operating EBIT)	195,719	1,294,501
Non-recurring income	2,411,936	0
Operating profit / loss after non-recurring income (EBIT)	2,607,655	1,294,501
Financial income	7,326	3,254
Financial expenses	-182,582	-800,351
Financial result	-175,256	-797,097
Result from associates	0	0
Profit / loss before tax	2,432,399	497,404
Income taxes	-61,131	-3,552,943
Profit / loss after tax from continuing operations	2,371,268	-3,055,539
Loss after tax from discontinued operations	-77,095	-139,365
Profit / loss after tax	2,294,173	-3,194,904
Changes in fair values of available-for-sale financial assets	-6,656	-1,732
Currency translation differences	-1,945	-14,644
Other result	-8,601	-16,376
Total profit / loss	2,285,572	-3,211,280
Earnings per share ¹⁾	0.15	-0.21
Adjusted earnings per share ²⁾	0.00	0.03
Earnings per share from continuing operations	0.15	-0.20
Earnings per share from discontinued operations	0.00	-0.01

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

2) adjusted for non-recurring income and expenses and for the result from discontinued operations

Segment Reporting 10-12/2009 in EUR	Germany	Central East Europe	South West Europe	North Europe	Holding and Other	BRAIN FORCE Group
Revenues (consolidated)	9,565,425	3,711,855	5,708,209	2,040,657	0	21,026,146
Operating EBITDA ¹⁾	573,374	519,408	445,859	95,014	-523,843	1,109,812
EBITDA	573,374	519,408	445,859	95,014	1,888,093	3,521,748
Depreciation and amortization	-203,935	-265,372	-219,817	-210,106	-12,582	-911,811
Operating EBIT ¹⁾	369,439	251,755	226,043	-115,092	-536,426	195,719
Non-recurring income	0	0	0	0	2,411,936	2,411,936
EBIT	369,439	251,755	226,043	-115,092	1,875,510	2,607,655

Segment Reporting 10-12/2008 in EUR	Germany	Central East Europe	South West Europe	North Europe	Holding and Other	BRAIN FORCE Group
Revenues (consolidated)	13,404,661	4,089,938	7,427,266	2,585,626	0	27,507,491
EBITDA	1,307,913	839,768	617,363	237,832	-750,166	2,252,710
Depreciation and amortization	-305,073	-259,005	-187,742	-189,886	-16,504	-958,210
EBIT	1,002,840	580,763	429,621	47,948	-766,670	1,294,502

1) adjusted for non-recurring income

Cash Flow Statement in EUR	10-12/2009	10-12/2008
Profit / loss before tax	2,432,399	497,404
Depreciation and amortization	914,093	958,210
Financial result	175,256	797,097
Gains / losses from the disposal of property, plant and equipment and intangible assets	-248	15,079
Other non-cash expenses / income	998,064	-250,000
Changes in non-current provisions and liabilities	-90,944	-76,436
Net interest paid	-148,339	-144,299
Income taxes paid	6,004	-592,196
Gross Cash flow of continuing operations	4,286,285	1,204,859
Changes in inventories	15,809	42,920
Changes in trade receivables	-1,171,247	1,676,955
Changes in trade payables	-487,262	-302,526
Changes in other current assets and liabilities	-3,968,192	1,933,885
Currency translation differences	-4,945	-20,878
Cash flow from operating activities of continuing operations	-1,329,552	4,535,215
Acquisition of subsidiaries	0	126,379
Net payments for the sale of subsidiaries	-162,068	300,000
Investments in property, plant and equipment and other intangible assets	-408,372	-781,829
Sale of property, plant and equipment and other intangible assets	248	61,168
Investments in financial assets	0	881,148
Cash flow from investing activities	-570,192	586,866
Increase in financial liabilities	202,627	0
Repayments of financial liabilities and bank overdrafts	-78,260	-1,051,871
Dividends paid	0	0
Capital increase	0	0
Purchase of treasury shares	0	0
Cash flow from financing activities of continuing operations	124,367	-1,051,871
Change in cash and cash equivalents from continuing operations	-1,775,377	4,070,210
Change in cash and cash equivalents from discontinued operation	-253,677	-321,067
Cash and cash equivalents at the beginning of the period	5,543,493	5,050,101
Change in cash and cash equivalents	-2,029,054	3,749,143
Cash and cash equivalents at the end of the period	3,514,439	8,799,244

Balance Sheet in EUR	31.12.2009	30.9.2009
ASSETS		
Property, plant and equipment	2,269,877	2,464,411
Goodwill	14,516,571	14,516,571
Other intangible assets	9,811,706	10,213,570
Investments in associates	9,809	9,809
Financial assets	32,205	193,376
Other receivables and assets	98,162	100,252
Deferred tax assets	456,734	433,899
Non-current assets	27,195,064	27,931,888
Inventories	234,770	267,256
Trade receivables	18,386,288	19,457,294
Other receivables and assets	5,129,037	1,249,600
Cash and cash equivalents	3,514,439	5,543,493
Current assets	27,264,534	26,517,643
Total assets	54,459,598	54,449,531
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	15,386,742	15,386,742
Reserves	12,076,787	12,085,388
Retained earnings	-5,863,103	-8,157,276
Equity	21,600,426	19,314,854
Financial liabilities	10,853,579	10,877,500
Other liabilities	126,664	138,273
Provisions for post-employment benefits	1,634,505	1,964,139
Deferred tax liabilities	1,840,720	1,783,410
Non-current liabilities	14,455,468	14,763,322
Financial liabilities	461,637	313,349
Trade payables	6,690,040	7,526,871
Other liabilities	8,410,143	9,368,320
Income tax provisions	1,205,613	1,113,692
Other provisions	1,636,271	2,049,123
Current liabilities	18,403,704	20,371,355
Total equity and liabilities	54,459,598	54,449,531

Changes in Equity in EUR	Attributable to equity holders of the parent company				
	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
Balance 1.10.2008	15,386,742	15,536,020	-274,545	-3,287,819	27,360,398
Total result for the period 10-12/2008	0	0	-16,376	-3,194,904	-3,211,280
Balance 31.12.2008	15,386,742	15,536,020	-290,921	-6,482,723	24,149,118
Transfer of reserves	0	-3,159,954	0	3,159,954	0
Profit / loss after tax	0	0	0	-4,834,507	-4,834,507
Total result for the period 1-9/2009	0	-3,159,954	243	-1,674,553	-4,834,264
Balance 30.9.2009	15,386,742	12,376,066	-290,678	-8,157,276	19,314,854
Total result for the period 10-12/2009	0	0	-8,601	2,294,173	2,285,572
Balance 31.12.2009	15,386,742	12,376,066	-299,279	-5,863,103	21,600,426

Notes to the Quarterly Report

Accounting and Measurement Principles

This interim report of BRAIN FORCE HOLDING AG as at December 31, 2009 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, 2009 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, 2009, which serve as the basis for this interim report.

Consolidation Range

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.

Within the context of an extraordinary general meeting held on November 25, 2009, BRAIN FORCE HOLDING AG in its capacity as the sole shareholder of BRAIN FORCE SOFTWARE GmbH, Vienna, approved the spin-off of an operating unit of SolveDirect into a newly-created limited liability company. The new entity, SolveDirect Service Management GmbH, Vienna, was entered into the commercial registry on December 3, 2009. Subsequently, based on a purchase and sale agreement dated December 16, 2009, all shares in BRAIN FORCE SOFTWARE GmbH, Vienna were sold to BEKO Engineering & Informatik AG, Nöhagen. BRAIN FORCE SOFTWARE GmbH, Vienna, was deconsolidated as at December 31, 2009. There are no further changes in the consolidation range.

Comments on the Income Statement

Group revenues fell by 24% from the comparable period of the previous year to € 21.03 million. Operating EBITDA (before non-recurring income) of continuing operations declined by 51% from € 2.25 to 1.11 million. The operating result (EBIT) amounted to € 0.20 million, down from € 1.29 million in the prior year. Group EBITDA rose 56% to € 3.52 million, which includes the book gain derived from the sales of BRAIN FORCE SOFTWARE GmbH, Vienna. EBIT of the BRAIN FORCE Group more than doubled, rising by € 1.31 to 2.61 million. The profit after tax from continuing operations totaled € +2.37 million in the first three months of the 2009/10 financial year. In contrast, the prior-year quarter generated a loss after tax of € 3.06 million, including the necessary write-offs of the KEMP convertible bond and capitalized tax loss carry-forwards.

Segment Information

BRAIN FORCE HOLDING AG reports according to geographic segments. In accordance with the management approach 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.

Comments on the Cash Flow Statement

Gross cash flow of € +4.29 million was considerably above the previous year's level of € +1.20 million. Adjusted for the non-recurring effect from the sale of BRAIN FORCE SOFTWARE GmbH, Vienna, the gross cash flow amounted to € +0.88 million. The cash flow from operating activities was € -1.33 million, due to the € 0.69 million increase in working capital as at the first quarter balance sheet date to € 3.52 million.

The cash flow from investing activities amounted to € -0.57 million, of which € -0.41 million involved capital expenditure for property, plant and equipment and other intangible assets. The cash outflow for the divestments of subsidiaries in the amount of € 0.16 million related to the loss of cash and cash equivalents in connection with the deconsolidation of BRAIN FORCE SOFTWARE GmbH, Vienna, in which case it is important to note that the acquisition price is being paid in two tranches within the following quarter.

The cash flow from financing activities totaled € +0.12 million, showing a slight increase in financial liabilities and overdrafts.

Comments on the Balance Sheet

Total assets amounted to € 54.46 million, virtually unchanged compared to the comparable level at September 30, 2009. Major changes took place in several balance sheet items due to the deconsolidation of BRAIN FORCE SOFTWARE GmbH, Vienna.

Non-current assets made up 50% of total assets, amounting to € 27.20 million. Capital expenditure in property, plant and equipment and other intangible assets totalled € 0.41 million in the reporting period, of which € 0.29 million comprised product development costs (own work capitalized).

Current assets comprised 50% of total assets on the reporting date of December 31, 2009. Compared to the last balance sheet date of September 30, 2009, trade receivables were down 6% to € 18.39 million and comprised 34% of total assets. However, adjusted for deconsolidation, trade receivables rose by € 1.17 million. Other receivables and assets climbed from € 1.25 to 5.13 million, which is primarily the consequence of the outstanding receivable of € 3.80 million from BEKO Engineering & Informatik AG in connection with the sale of BRAIN FORCE SOFTWARE GmbH, Vienna. On the reporting date of December 31, 2009, cash and cash equivalents totalled € 3.51 million.

IFRS-based equity in the BRAIN FORCE Group at December 31, 2009 was € 21.60 million, corresponding to an equity ratio of 40%. The positive total result for the reporting period enabled the company to significantly improve its equity ratio. Non-current liabilities amounted to € 14.46 million, a drop of € 0.31 million attributable to the decrease in non-current post-employment benefits relating to the deconsolidation of BRAIN FORCE SOFTWARE GmbH, Vienna. Current liabilities were reduced from € 20.37 to 18.40 million, which is mainly the result of decreased trade payables as well as other liabilities in connection with the deconsolidation of BRAIN FORCE Vienna. Working capital at the reporting date was € 3.52 million, a rise of € 0.69 million compared to the level at September 30, 2009.

Net debt increased by € 2.15 to 7.80 million from the previous balance sheet date at September 30, 2009, which is mainly attributable to the not yet received purchase price.

As of December 31, 2009, the number of outstanding shares was 15,386,742. Authorized capital amounted to € 7,693,371.

Audit waiver for the interim report

The consolidated interim financial statements as at December 31, 2009 were neither audited nor subject to an auditor's review.

Other Information

On December 21, 2009, BRAIN FORCE HOLDING AG announced the conclusion of a participation agreement with 3TS Cisco Growth Fund in respect to its subsidiary SolveDirect Service Management GmbH. The participation agreement with 3TS Cisco Growth Fund stipulates investments in SolveDirect of up to € 6 million in the next few years together with the management of SolveDirect. The investments will be made via several capital increases depending on the capital required to finance the company's expansion in the USA.

Vienna, February 16, 2010

The Management Board



Dr. Michael Hofer



Mag. Thomas Melzer

Financial Calender

Date	Event
February 16, 2010	Report on the first quarter of 2009/10
February 24, 2010	12th Annual General Meeting
February 25, 2010	Ex-dividend day 2009
March 1, 2010	1st dividend payment day for 2009
May 12, 2010	Six months report 2009/10
August 12, 2010	Report on the first three quarters of 2009/10
December 21, 2010	2009/10 annual report and press conference

Information on the Company and the BRAIN FORCE Share

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