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BRAIN FORCE HOLDING AG

2010/11

Report on the 1st quarter

BRAIN FORCE Key Data

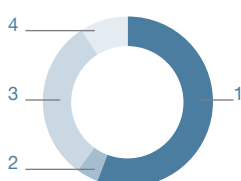
Earnings Data ¹⁾		10-12/2010	10-12/2009	Chg. in %	2009/10
Revenues	<i>in € million</i>	17.05	21.03	-19	69.59
EBITDA	<i>in € million</i>	0.76	3.52	-78	5.66
Operating EBITDA ²⁾	<i>in € million</i>	0.76	1.11	-31	1.15
EBIT	<i>in € million</i>	0.21	2.61	-92	2.86
Operating EBIT ²⁾	<i>in € million</i>	0.21	0.20	+9	-1.65
Profit before tax	<i>in € million</i>	-0.58	2.43	>100	0.33
Profit after tax	<i>in € million</i>	-0.65	2.37	>100	0.92
Earnings per share	<i>in €</i>	-0.04	0.15	>100	0.06
Adjusted earnings per share ²⁾	<i>in €</i>	-0.04	0.00	-	-0.26
Capital expenditure	<i>in € million</i>	0.25	0.41	-39	1.53
Acquisitions	<i>in € million</i>	0.00	0.00	-	1.11
Employees ³⁾		700	921	-24	779

Balance Sheet Data		31.12.2010	30.9.2010	Chg. in %
Equity	<i>in € million</i>	19.43	20.11	-4
Net debt	<i>in € million</i>	8.28	9.04	-8
Capital employed	<i>in € million</i>	27.66	29.10	-5
Working capital ⁴⁾	<i>in € million</i>	2.34	3.30	-29
Balance sheet total	<i>in € million</i>	50.69	51.05	-1
Equity ratio	<i>in %</i>	38	39	-
Gearing	<i>in %</i>	43	45	-
Employees ⁵⁾		705	713	-1

Stock Exchange Data ⁶⁾		10-12/2010	2009/10	Chg. in %
Share price high	<i>in €</i>	1.02	1.40	-27
Share price low	<i>in €</i>	0.80	0.91	-12
Share price at end of period	<i>in €</i>	0.94	1.00	-6
Shares outstanding (weighted)	1,000	15,387	15,387	0
Market capitalization (ultimo)	<i>in € million</i>	14.46	15.39	-6

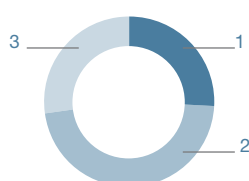
Segments 10-12/2010 <i>in € million</i>	Germany		Central East Europe		South West Europe		Netherlands		Holding and Other	
Revenues	9.61	(+1%)	0.67	(-82%)	5.21	(-9%)	1.55	(-24%)	0.00	-
Operating EBITDA ²⁾	0.67	(+16%)	0.03	(-95%)	0.34	(-24%)	0.14	(+42%)	-0.40	(+23%)
Operating EBIT ²⁾	0.47	(+26%)	0.00	(-98%)	0.15	(-34%)	0.01	(>100%)	-0.42	(+22%)
Capital expenditure	0.07	(-39%)	0.00	(-94%)	0.14	(+56%)	0.03	(-77%)	0.00	(-99%)
Employees ³⁾	334	(-15%)	27	(-80%)	274	(-10%)	57	(-26%)	8	(-27%)

Revenues by regions



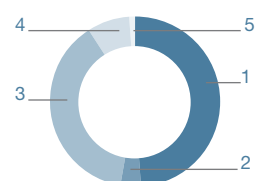
- 1 Germany 56%
- 2 Central East Europe 4%
- 3 South West Europe 31%
- 4 Netherlands 9%

Revenues by business areas



- 1 Process Optimization 26%
- 2 Infrastructure Optimization 47%
- 3 Professional Services 27%

Employees by segments



- 1 Germany 49%
- 2 Central East Europe 4%
- 3 South West Europe 38%
- 4 Netherlands 8%
- 5 Holding and Other 1%

- 1) from continuing operations
- 2) adjusted for non-recurring income and expenses
- 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 December 31, 2010
- 6) Vienna Stock Exchange

Chief Executive's Review



Dr. Michael Hofer, CEO
of BRAIN FORCE HOLDING AG

Dear shareholders, ladies and gentlemen,

In the first quarter of the 2010/11 fiscal year, we achieved a positive operating EBIT, both on a Group level and in all regions, following the last two economically difficult years. We managed to convert the increased sales pipeline into measureable results. The basis was the successfully implemented restructuring and cost reduction measures, supported by an improved business environment. I would like to particularly highlight the free cash flow of close to € 1 million generated in the first three months of the current fiscal year.

Positive operating EBIT on a Group level as well as in all regions

Attention should be paid to three changes in the consolidation range compared to the prior-year quarter. The Professional Services business in Austria, sold at the end of 2009, as well as SolveDirect Service Management GmbH, consolidated at equity starting in January 2010, were included as fully consolidated companies in the prior-year period. In contrast, the performance of BRAIN FORCE GmbH (previously: INISYS Software-Consulting Ges.m.b.H.), acquired at the end of February 2010, was not yet comprised in the comparable prior-year figures. A large part of the revenue decline from € 21 to 17 million can be attributed to these changes in the consolidation range. Revenue was down 6% on an organic or like-for-like basis. The decrease in revenues was primarily due to the proceeds from license sales in Italy which were below expectations, and the lower order volume of a large customer in the Netherlands. These two effects could not be fully offset in the short term by partially positive developments in other business areas. It is gratifying that we were able to improve the operating EBIT from € -0.05 to +0.24 million, which clearly underlines the effectiveness of the cost savings implemented over the last two years.

Higher operating EBIT despite revenue decline

In Germany (56% of Group revenues), revenue rose 1% to € 9.61 million in the period October to December 2010, in which case the solid development of the Network Performance Hardware business slightly overcompensated for the lower proceeds from license sales and also from our service business. The Network Performance Hardware segment even generated a higher margin, so that EBITDA in Germany could be improved by 16% to € 0.67 million, and EBIT even rose by 26% to € 0.47 million.

Good development of Network Performance Hardware results in a considerable earnings improvement in Germany

Revenues in the region Central East Europe (comprising 4% of Group revenues) fell 82% in the first three months of the new fiscal year, which is primarily related to the sale of the Professional Services business and the change in consolidation for SolveDirect in Austria. The organic revenue drop was 21%. EBITDA amounted to € 0.03 million, and EBIT was also slightly positive. SolveDirect develops in line with expectations and focuses on expanding its international business activities, especially in the USA.

BRAIN FORCE Austria and Czech Republic generated positive EBIT in Central East Europe

Successful restructuring in Italy led to positive results

In the South West Europe region (31% of Group revenues), the restructuring measures already carried out in 2009, particularly capacity adjustments in Italy, had a positive impact. Accordingly, despite a revenue decline of 9% in the first quarter, the region posted clearly positive results once again, with an EBITDA of € 0.34 million and EBIT of € 0.15 million. I expect further improvement potential on the Italian market during upcoming quarterly periods resulting from a recovery in proceeds derived from license sales in the Microsoft Dynamics environment.

Positive EBIT in the Netherlands despite revenue decline

In the Netherlands (9% of Group revenues), the 24% revenue decline was more than offset by the restructuring measures implemented in the prior year (staff cutbacks of 26%). EBITDA significantly improved by 42% to € 0.14 million, and there was a turnaround in EBIT for the first time in five quarters, which was once again positive at € 0.01 million.

Earnings improvement and further working capital optimization result in strong free cash flow

It was particularly gratifying to see the recent considerable rise in cash flow, thanks to the improved operating result and the ongoing optimization of working capital. The free cash flow amounted to close to € 1 million, which enabled us to reduce the level of net debt to € 8.28 million and increase cash and cash equivalents to € 4.68 million. The result for the period after tax was € -0.65 million. Excluding the negative earnings contribution of SolveDirect (pro-rata share of start-up costs related to the expansion drive as well as the dilution effects of the capital increases through the participation of a financial investor) which we consciously accepted, we actually were nearly break-even after tax.

Positive developments confirm the achievement of objectives

Our objective for the current 2010/11 fiscal year remains unchanged i.e. to achieve a positive operating result. The good first-quarter performance and the positive developments in this second quarter which is still underway, including two new large customers in Austria, a new large customer for our FINAS solution in Germany, and the development of our Network Performance Hardware business area which is clearly exceeding our expectations show that we are on the right track to achieve this goal. I also assume that the positive earnings development will ultimately be reflected in the price of the BRAIN FORCE share. We will strive to be readmitted for continuous trading via the XETRA system on the Frankfurt Stock Exchange in order to improve liquidity for our German shareholders.

BEKO split has no direct consequences for 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 HOLDING AG from BEKO HOLDING AG to CROSS Informatik GmbH within the context of a spin-off. This transaction will not have any direct consequences on our business operations. The CROSS Group will remain our indirect owner, and we will continue to resolutely move ahead with the implementation of our corporate strategy.

Yours,



Michael Hofer

Financial Review

Earnings in the first three months (October to December 2010)

In the first three months of the 2010/11 fiscal year (October to December 2010), the BRAIN FORCE Group generated revenues of € 17.05 million, down 19% from the prior year's level. However, a large part of the revenue decline (€ 3.00 million) can be attributed to changes in the consolidation range. Adjusted for these 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 as of the beginning of January 2010 as well as the acquisition and full consolidation of BRAIN FORCE GmbH, formerly INISYS Software-Consulting Ges.m.b.H effective at the beginning of March 2010), the organic revenue drop was comparatively low at 6%. The decrease in revenues was primarily due to the proceeds from license sales in Italy which were below expectations, and the lower order volume of a large customer in the Netherlands. These two effects could not be fully offset in the short term by partially positive developments in other business areas.

Operating EBITDA amounted to € 0.76 million, down from € 1.11 million in the prior-year quarter. However, adjusted for the effects relating to changes in the consolidation range, operating EBITDA actually improved from € 0.60 to 0.77 million. This is a clear indication of the effectiveness of the implemented savings. Operating EBIT was positive in all regions, and rose slightly from € 0.20 to 0.21 million. From an organic perspective, operating EBIT even turned around, from € -0.05 to +0.24 million. The most significant improvement was reported in the Netherlands, where a positive operating result was achieved for the first time in five quarters as a consequence of the restructuring measures. In Germany, the Network Performance Hardware business area in particular developed very successfully. The holding company also contributed to the earnings improvement, based on further cost reductions totaling € 0.12 million.

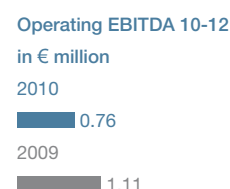
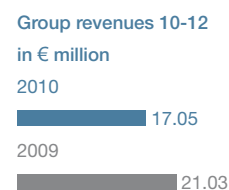
No non-recurring income arose in the first quarter of the current fiscal year, whereas a book gain of € 2.41 million was achieved in the first quarter of the prior year from the sale of the Professional Services business in Austria. Accordingly, Group EBIT fell year-on-year from € 2.61 to 0.21 million.

The financial result improved slightly from € -0.18 to -0.15 million. 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. In the first three months of the 2010/11 fiscal year, the result from associates was € -0.64 million (prior year: 0). A total of € -0.23 million of this amount can be attributed to the consolidation of our share of SolveDirect's profit after tax (as at December 31, 2010: 72.45%), whereas € -0.41 million resulted from the dilution effects of two capital increases to finance the company's expansion in the USA.

On balance, the result for the period before tax of the BRAIN FORCE Group was € -0.58 million (prior year: € 2.43 million). The decline is due to the non-recurring effects in the prior year and changes in the consolidation range. The total result for the period after tax was to € -0.65 million, down from € 2.29 million in the prior-year quarter. Earnings per share amounted to € -0.04 (prior year: € 0.15). Earnings per share adjusted for non-recurring income was € -0.04, compared to € 0.00 in the prior year.

Cash Flow

The gross cash flow from continuing operations in the first quarter of the 2010/11 fiscal year was € 0.68 million, a rise of 8% from the prior-year level of € 0.63 million. The cash flow from operating activities (operating cash flow) showed a significant improvement of € 2.52 million, climbing to € +1.19 million. This increase resulted from the further optimization of working capital, particularly the reduction of trade receivables in the light of the simultaneous increase in other current liabilities.



Higher prior-year EBIT due to non-recurring income

Slight improvement in the financial result

Decline in earnings after tax due to non-recurring effects in the prior year and changes in consolidation range

Cash flow from operating activities up € 2.52 million due to reduction in working capital

Positive free cash flow of
€ 0.95 million

The cash flow from investing activities amounted to € -0.24 million (prior year: € -0.57 million). This represents a decline of € 0.16 million from the prior year, of which € 0.10 million relates to reduced product development costs. Own work capitalized amounting to € 0.19 million was in contrast to scheduled depreciation of € 0.32 million. A positive free cash flow of € 0.95 million was generated in the first three months of the 2010/11 fiscal year, whereas this figure was negative at € -1.90 million in the prior-year quarter.

Cash and cash equivalents of
€ 4.68 million at the reporting
date

The cash flow from financing activities at € -0.19 million resulted from € -0.11 million relating to the reduced use of overdraft facilities and € -0.08 million from the scheduled payment of a non-current loan. The non-current financial liabilities amounting to € 9.96 million are due for payment in 2014. On balance, the change in cash and cash equivalents from continuing operations was € 0.76 million (prior year: € -1.78 million). The cash flow from the discontinued operations in Berlin totaled € -0.20 million (prior year: € -0.25 million). As at December 31, 2010, the BRAIN FORCE Group had cash and cash equivalents totaling € 4.68 million (December 31, 2009: € 4.12 million).

Financial Position

Equity in € million

31.12.2010

19.43

30.9.2010

21.60

The balance sheet total of the BRAIN FORCE Group was € 50.69 million as at December 31, 2010, and equity amounted to € 19.43 million. Accordingly, the equity ratio decreased slightly to 38 after 39% as at September 30, 2010, which is primarily related to the negative total result for the period in the amount of € -0.68 million. Of the total result for the period, a negative earnings contribution of € -0.64 million was generated by SolveDirect Service Management GmbH, which is consolidated at equity. This earnings contribution is according to plan, and results from the increased costs of expansion on the U.S. market and the dilution effect of two capital increases.

Net Debt in € million

31.12.2010

8.28

30.9.2010

9.04

Working capital (inventories plus trade receivables less trade payables and other current liabilities) fell from € 3.30 to 2.34 million in the first quarter, which is primarily attributable to the 2% decline in trade receivables to € 17.30 million and the 11% increase of other current liabilities to € 7.65 million. The rise of other liabilities by € 0.77 million shows higher liabilities to tax authorities resulting from the revenue increase in comparison to the prior quarter (July to September 2010). Net debt as at December 31, 2010 was € 8.28 million, compared to a level of € 9.04 million as at September 30, 2010. The reduction of 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 43% as at December 31, 2010, compared to the figure of 45% as at September 30, 2010.

Research and Development

Further development of
Fördercenter and prototype
for touch technology,
improved configurability

The development of the FINAS module BRAIN FORCE Fördercenter (public subsidies overview) as well as other operational concepts which take the increased popularity of smart phones into account was resolutely continued in the first quarter. Our specialists adapted all FINAS modules within the context of maintenance and updating work to reflect current legal regulations, and made further significant improvements to its configurability based on technical optimization.

Infrastructure Framework and
ID-Suite updated, Packaging
Robot and Workspace Mana-
ger functionally enhanced

In the Netherlands, BRAIN FORCE Infrastructure Framework was adjusted to take account of the latest Microsoft technologies and Citrix XenDesktop, and BRAIN FORCE ID-Suite was revised within the context of periodic maintenance and updating. Functional enhancements were added to the software Packaging Robot 3.0, which now supports packaging in ThinApp-Format as well as the editing of App-V packages based on the integration of a tool developed by the firm GridMagic. The product Workspace Manager was optimized for operations in a terminal server environment.

SolveDirect successfully concluded the project Collaborative Service Management, which was partially financed by the Austrian Research Promotion Agency FFG, by implementing the integration of the SD.Calendar, SD.Dialog and SD.Survey modules in the releases 5.0 and 5.6. The functional group SD.Calendar comprises an optimized calendar module for the planning of service assignments. SD.Dialog improves the communication of service processes by adding a chat and blog function as well as an interface to workflow and encyclopedia (Wiki) contents. SD.Survey supplies configurable survey functions enabling the development of end user profiles and an evaluation in accordance with various criteria.

Our Italian subsidiary updated the add-ons for Microsoft Dynamics AX and NAV within the context of its maintenance activities, and expanded it to include further sector-specific functionalities for the steel industry. The conversion of BRAIN FORCE's own ERP software Visual Space to a .Net technology was continued.

Human Resources

The total number of people working for the BRAIN FORCE Group as at December 31, 2010 amounted to 501 salaried employees, a decline of approximately 19% compared to December 31, 2009. In addition, the company employed 204 people on a freelance basis for various customer projects, which comprises a slight decline of 3% from the prior year. Thus the BRAIN FORCE Group made downward adjustments to its total number of staff as a response to the lower level of revenues. The most extensive personnel cutbacks took place in the Central East Europe region, where the number of employees was down 47% year-on-year. However, this is exclusively due to the sale of BRAIN FORCE SOFTWARE GmbH, Austria. The number of employees in the Netherlands was reduced by 22%, whereas the total number of staff in our largest market of Germany was down 14% on the basis of dismissals and short time working. The work force in the South West Europe region was downsized by 8% from the previous year. The number of people working at the Holding and Other segment decreased by 20%.

On balance, the BRAIN FORCE Group employed 705 people at the reporting date, a drop of 15% or 122 employees from the comparable figure at December 31, 2009.

The breakdown of staff (salaried and subcontractors) by segment as at December 31, 2010 is as follows:

- ▶ Germany: 341 (prior year: 396 / chg.: -14%)
- ▶ Central East Europe: 27 (prior year: 50 / chg.: -47%)
- ▶ South West Europe: 271 (prior year: 296 / chg.: -8%)
- ▶ Netherlands: 58 (prior year: 75 / chg.: -22%)
- ▶ Holding and Other: 8 (prior year: 10 / chg.: -20%)

On average, the staff of BRAIN FORCE was comprised of 495 salaried employees in the months October to December 2010 (prior year: 685) and 205 people on a freelance basis (prior year: 236). The total average number of employees in the BRAIN FORCE Group during the first quarter of the 2010/11 fiscal year amounted to 700, a decline of 24% from the prior-year period.

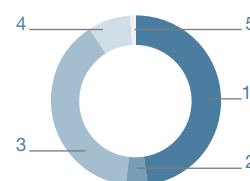
Order Intake

As of December 31, 2010, the order volume at the Group level amounted to € 15.76 million, a decrease of 4% compared to the level at December 31, 2009. Adjusted for the loss of contracts attributable to the divested company BRAIN FORCE SOFTWARE GmbH, Austria, and for SolveDirect Service Management GmbH, which is now consolidated at equity, the order volume of the BRAIN FORCE Group for the first quarter could actually be significantly increased by 21%. This is an initial and very positive indication that

Successful completion of the development of the SD.Calendar, SD.Dialog and SD.Survey modules

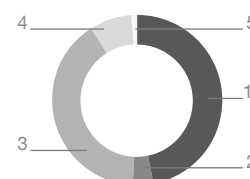
Add-ons for Microsoft Dynamics

Employees by segments 31.12.2010



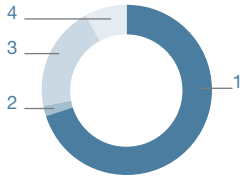
- 1 Germany 48%
- 2 Central East Europe 4%
- 3 South West Europe 39%
- 4 Netherlands 8%
- 5 Holding and Other 1%

30.9.2010



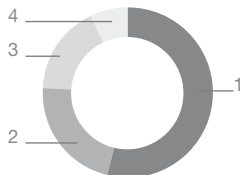
- 1 Germany 47%
- 2 Central East Europe 4%
- 3 South West Europe 40%
- 4 Netherlands 8%
- 5 Holding and Other 1%

Order Intake by regions
31.12.2010



- 1 Germany 70%
- 2 Central East Europe 2%
- 3 South West Europe 20%
- 4 Netherlands 8%

31.12.2009



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

the company has put the crisis behind it. The order intake only weakened minimally by 2% compared to September 30, 2010. In Germany, orders were 7% below the previous quarter, which is due to the typical seasonal decreases in the Professional Services (-15%) and Infrastructure Optimization (-13%) business areas. This decline could not be fully offset by the FINAS business area, which posted an impressive rise in orders of 96%. The order volume in the Central East Europe region on the reporting date was down by 36%. However, contracts could be concluded with two new large customers in Austria for Microsoft Dynamics solutions at the beginning of the year. South West Europe (+9%) and the Netherlands (+45%) strongly increased their order intake.

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

- ▶ Germany accounts for orders of € 11.01 million (December 31, 2009: € 8.88 million).
- ▶ Central East Europe has orders on hand of € 0.23 million (December 31, 2009: € 3.61 million / adjusted figure at December 31, 2009: € 0.13 million).
- ▶ South West Europe accounts for orders of € 3.26 million (December 31, 2009: € 2.78 million).
- ▶ The Netherlands have an order intake of € 1.27 million (December 31, 2009: € 1.22 million).

Outlook

The cost savings and restructuring measures implemented in the past few years had a positive impact on the first-quarter business development of the BRAIN FORCE Group. As a consequence, all operating segments achieved a positive EBIT, and Group revenues surpassed the previous three quarters. 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.

Quarterly report (IFRS) of the BRAIN FORCE Group

Statement of Comprehensive Income in EUR	10-12/2010	10-12/2009
Continuing operations		
Revenues	17,046,696	21,026,146
Cost of sales	-13,342,630	-16,360,664
Gross profit	3,704,066	4,665,482
Selling expenses	-1,634,123	-2,301,182
Administrative expenses	-1,751,424	-2,121,994
Other operating expenses	-130,017	-179,687
Other operating income	23,878	133,100
Operating profit before non-recurring items (Operating EBIT)	212,380	195,719
Restructuring costs	0	0
Non-recurring income	0	2,411,936
Operating profit after non-recurring items (EBIT)	212,380	2,607,655
Financial income	1,005	7,326
Financial expenses	-148,605	-182,582
Financial result	-147,600	-175,256
Result from associates	-640,996	0
Profit / loss before tax	-576,216	2,432,399
Income taxes	-72,385	-61,131
Profit / loss after tax from continuing operations	-648,601	2,371,268
Loss after tax from discontinued operation	0	-77,095
Profit / loss after tax	-648,601	2,294,173
Changes in fair values of available-for-sale financial assets	-1,387	-6,656
Currency translation differences	-31,053	-1,945
Other result	-32,440	-8,601
Comprehensive income/loss	-681,041	2,285,572
Earnings per share ¹⁾	-0.04	0.15
Earnings per share – adjusted ²⁾	-0.04	0.00
Earnings per share from continued operations	-0.04	0.15
Earnings per share from discontinued operation	0.00	0.00

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 operation

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

Key ratios by segments 10-12/2009 in EUR	Germany	Central East Europe	South West Europe	Netherlands	Holding and Other	BRAIN FORCE Group
Revenues (consolidated)	9,565,425	3,711,855	5,708,209	2,040,657	0	21,026,146
EBITDA	573,374	519,408	445,859	95,014	1,888,093	3,521,748
Operating EBITDA ¹⁾	573,374	519,408	445,859	95,014	-523,843	1,109,812
Depreciation and amortization	-203,935	-267,654	-219,817	-210,106	-12,582	-914,093
Operating EBIT ¹⁾	369,439	251,755	226,043	-115,092	-536,426	195,719
Non-recurring expenses / 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

1) adjusted for non-recurring income

Cash Flow Statement in EUR	10-12/2010	10-12/2009
Profit/loss before tax	-576,216	2,432,399
Depreciation and amortization	550,250	914,093
Financial result	147,600	175,256
Result from associates	640,996	0
Gains / losses from the disposal of property, plant and equipment and intangible assets	987	-248
Elimination of gains from the sale of subsidiaries	0	-2,801,935
Changes in non-current provisions and liabilities	-86,914	-90,944
Gross Cash flow of continuing operations	676,703	628,621
Changes in inventories	-11,962	15,809
Changes in trade receivables	264,552	-1,171,247
Changes in trade payables	-75,306	-487,262
Changes in other current assets and liabilities	503,817	-168,193
Currency translation differences	12,368	-4,945
Net interest paid	-165,580	-148,339
Income taxes received / paid	-14,095	6,004
Cash flow from operating activities of continuing operations	1,190,497	-1,329,552
Payments for acquisition of subsidiaries	0	0
Net payments from the sale of subsidiaries	0	-162,068
Investments in property, plant and equipment and other intangible assets	-246,336	-408,372
Sale of property, plant and equipment and other intangible assets	8,216	248
Cash flow from investing activities of continuing operations	-238,120	-570,192
Increase in financial liabilities	351,007	202,627
Repayments of financial liabilities and bank overdrafts	-539,621	-78,260
Dividends paid	0	0
Capital increase	0	0
Purchase of treasury shares	0	0
Cash flow from financing activities of continuing operations	-188,614	124,367
Change in cash and cash equivalents from continuing operations	763,763	-1,775,377
Change in cash and cash equivalents from discontinued operation	-196,428	-253,677
Cash and cash equivalents at the beginning of the period	4,115,563	5,543,493
Change in cash and cash equivalents	567,335	-2,029,054
Cash and cash equivalents at the end of the period	4,682,898	3,514,439

Balance Sheet in EUR	31.12.2010	30.9.2010
ASSETS		
Property, plant and equipment	1,740,872	1,885,838
Goodwill	11,001,151	11,001,151
Other intangible assets	2,767,187	2,936,087
Investments in associates	9,887,752	10,528,748
Financial assets	47,904	49,291
Other receivables and assets	74,291	74,191
Deferred tax assets	1,353,148	1,345,698
Non-current assets	26,872,305	27,821,004
Inventories	216,170	204,208
Trade receivables	17,295,736	17,571,459
Other receivables and assets	1,621,984	1,339,590
Cash and cash equivalents	4,682,898	4,115,563
Current assets	23,816,788	23,230,820
Total assets	50,689,093	51,051,824
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	15,386,742	15,386,742
Reserves	10,713,631	10,746,071
Retained earnings	-6,671,849	-6,023,248
Equity	19,428,524	20,109,565
Financial liabilities	9,964,611	9,962,825
Other liabilities	135,268	141,514
Provisions for post-employment benefits	1,450,439	1,530,710
Deferred tax liabilities	116,038	120,592
Non-current liabilities	11,666,356	11,755,641
Financial liabilities	3,000,276	3,190,676
Trade payables	7,526,599	7,602,483
Other liabilities	7,645,728	6,878,531
Income tax provisions	1,149,273	1,065,006
Other provisions	272,337	449,922
Current liabilities	19,594,213	19,186,618
Total equity and liabilities	50,689,093	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 10-12/2009	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
Transfer of reserves	0	-1,342,756	0	1,342,756	0
Result after tax	0	0	12,040	-1,502,901	-1,490,861
Total result for the period 1-9/2010	0	-1,342,756	12,040	-160,145	-1,490,861
Balance 30.9.2010	15,386,742	11,033,310	-287,239	-6,023,248	20,109,565
Total result for the period 10-12/2010	0	0	-32,440	-648,601	-681,041
Balance 31.12.2010	15,386,742	11,033,310	-319,679	-6,671,849	19,428,524

Notes to the Quarterly Report

Accounting and Measurement Principles

This interim report of BRAIN FORCE HOLDING AG as at December 31, 2010 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.

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.

The consolidation range remains unchanged compared to the reporting date of September 30, 2010.

BRAIN FORCE SOFTWARE GmbH, Vienna, and SolveDirect Service Management GmbH, Vienna, were included in the consolidation range as fully consolidated companies in the comparable prior-year period (October 1 - 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 and included at equity, following the participation of a financial investor and the resulting loss of control over the company.

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 in the first quarter of the prior year. The company was renamed BRAIN FORCE GmbH effective August 5, 2010.

In comparison to the first quarter of the previous fiscal year, changes in the consolidation range reduced revenues for the period October 1 to December 31, 2010 by € 3.00 million, whereas EBITDA correspondingly declined by € 0.50 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 quarter under review. 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 19% from the prior-year quarter to € 17.05 million. Operating EBITDA (before non-recurring items) was down 31% from € 1.11 to 0.76 million. The operating result (EBIT) showed a rise of 9% to € 0.21 million. In the first quarter of the prior year, a book gain of € 2.41 million could be generated due to the sale of BRAIN FORCE SOFTWARE GmbH, Vienna, which in turn resulted in an EBITDA of € 3.52 million and an EBIT of € 2.61 million.

The financial result of € -0.15 million showed a slight improvement of € 0.03 million from the prior-year level, which can be attributed to currency exchange gains. The result from associates amounted to € -0.64 million, which is related to SolveDirect Service Management GmbH. This includes the negative earnings contribution of € -0.23 million in the prior-year quarter and the dilutive effect of € -0.41 million based on two further capital increases of the 3TS Cisco Growth Fund to finance the company's expansion.

The loss after tax amounted to € -0.65 million in the first three months of the current fiscal year, following a profit after tax from continuing operations of € 2.37 million generated in the prior year due to the book gain from divestments.

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

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 proceeds 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 cash flow.

The gross cash flow from continuing operations was € 0.68 million in the first quarter of the new fiscal year, or approximately 8% above the prior-year level of € 0.63 million. There was a turnaround in the cash flow from operating activities, which improved from € -1.33 to +1.19 million. The improvement of € 2.52 million is primarily the consequence of the consistent optimization of working capital.

The first-quarter cash flow from investing activities amounted to € -0.24 million, compared to € -0.57 million in the prior year. This mainly related to a 40% reduction in capital expenditures on property, plant and equipment to € 0.25 million. The cash flow from financing activities was € -0.19 million, showing a decrease in financial liabilities, whereas financial liabilities climbed by € 0.12 million in the prior year.

Comments on the Balance Sheet

Total assets amounted to € 50.69 million on the reporting date, down 1% and thus virtually unchanged compared to September 30, 2010.

Non-current assets made up 53% of total assets, amounting to € 26.87 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 € 0.31 million. Capital expenditures on property, plant and equipment and other intangible assets totaling € 0.25 million in the reporting period (of which € 0.19 million comprised product development costs) were in contrast to scheduled depreciation of € 0.55 million. Goodwill remained at a level of € 11.00 million. Investments in associates declined by € 0.64 to € 9.89 million. BRAIN FORCE HOLDING AG held a 72.45% shareholding in SolveDirect as at December 31, 2010 (September 30, 2010: 81.42%).

Current assets comprised 47% of total assets on the reporting date of December 31, 2010. Trade receivables decreased by about 2% from the comparable figure at September 30, 2010 to € 17.30 million or 34% of total assets. Cash and cash equivalents rose by 14%, amounting to € 4.68 million on the reporting date.

IFRS-based equity in the BRAIN FORCE Group at December 31, 2010 was € 19.43 million, corresponding to an equity ratio of 38%. Non-current liabilities marginally fell from € 11.76 to 11.67 million.

Current liabilities rose by 2% to € 19.59 million, which is primarily due to the increase in other liabilities by € 0.77 to 7.65 million. Trade payables at € 7.53 million and income tax provisions of € 1.15 million were virtually unchanged from the prior year. Other provisions for restructuring were reduced by € 0.18 to € 0.27 million. Working capital at the reporting date was € 2.34 million, down by € 0.96 million compared to the level at September 30, 2010. Net debt on December 31, 2010 fell by € 0.76 to € 8.28 million from the reporting date of September 30, 2010.

As at December 31, 2010, the number of outstanding shares was 15,386,742. Authorized capital amounted to € 7,693,371.

Audit Waiver for the Interim Report

This interim report as at December 31, 2010 was neither audited nor subject to an auditor's review.

Other disclosures

BRAIN FORCE HOLDING AG founded the company Network Performance Channel GmbH based in Langen, Germany on the basis of a notarial deed dated December 9, 2010. The firm focuses on the trading and development of IT products, as well as providing IT services. It was entered in the commercial register on January 7, 2011.

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.

On December 30, 2010, BEKO HOLDING AG, the majority owner of BRAIN FORCE HOLDING AG, announced together with the invitation to its annual general meeting that its shares in BRAIN FORCE HOLDING AG would be transferred to CROSS Informatik GmbH, headquartered in Wels, which will first be set up, based on the resolution passed by the annual general meeting of BEKO HOLDING AG. The resolution stipulates the transfer of 8,243,448 shares in BRAIN FORCE HOLDING AG, corresponding to 53.58% of the total 15,386,742 no par value ordinary bearer shares. The required majority of shareholders at the annual general meeting of BEKO HOLDING AG held on February 4, 2011 approved the resolution transferring the shares in BRAIN FORCE HOLDING AG due to a spin-off to CROSS Informatik GmbH.

The general meeting of SolveDirect Service Management GmbH, Vienna, resolved in January 2011 to implement a further capital increase of € 500,000. After the capital increase is entered into the commercial register, the stake held in SolveDirect Service Management GmbH will total 68.7%.

Vienna, February 16, 2011

The Management Board



Michael Hofer



Thomas Melzer

Financial Calendar

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

Information on the Company and the BRAIN FORCE Share

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