

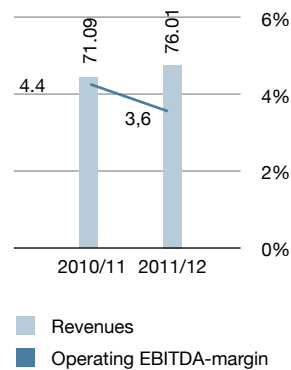


annual report
2011/12
BRAIN FORCE HOLDING AG

BRAIN FORCE Key Data

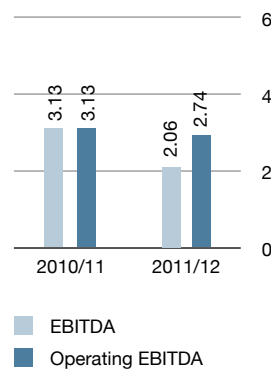
Revenues and EBITDA margin

in € million and %



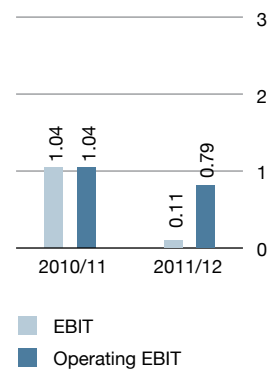
EBITDA

in € million



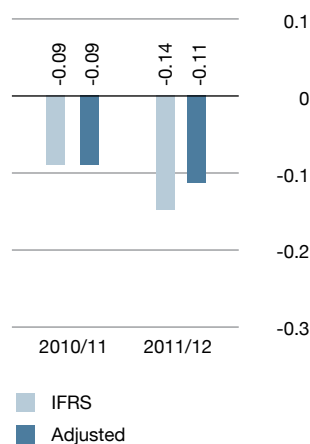
EBIT

in € million



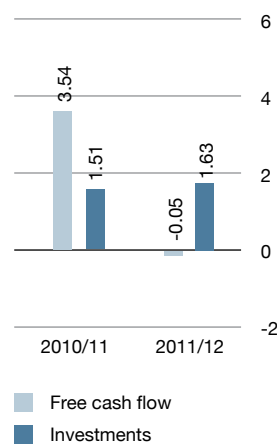
Earnings per share

in €



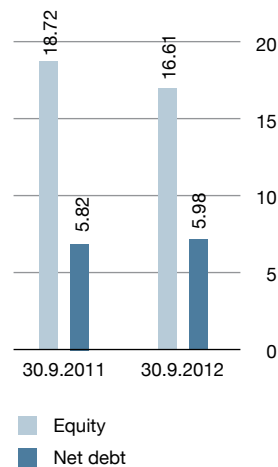
Free cash flow and investments

in € million

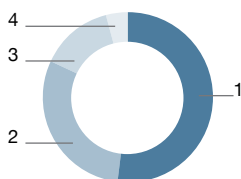


Equity and net debt

in € million

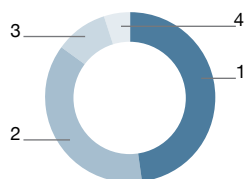


Revenues by regions



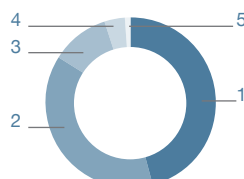
- 1 Germany 52%
- 2 Italy 30%
- 3 The Netherlands 14%
- 4 Central East Europe 4%

Operating EBITDA by regions



- 1 Germany 48%
- 2 Italy 37%
- 3 The Netherlands 10%
- 4 Central East Europe 5%

Employees by segments



- 1 Germany 46%
- 2 Italy 38%
- 3 The Netherlands 11%
- 4 Central East Europe 4%
- 5 Holding and Other 1%

Earnings Data ¹⁾		2009/10	2010/11	2011/12	Change in %
Revenues	<i>in € million</i>	69.59	71.09	76.01	+7
EBITDA	<i>in € million</i>	5.66	3.13	2.06	-34
Operating EBITDA ²⁾	<i>in € million</i>	1.15	3.13	2.74	-13
EBIT	<i>in € million</i>	2.86	1.04	0.11	-89
Operating EBIT ²⁾	<i>in € million</i>	-1.65	1.04	0.79	-24
Profit before tax	<i>in € million</i>	0.33	-1.38	-2.21	-60
Profit after tax	<i>in € million</i>	0.92	-1.37	-2.13	-56
Free cash flow ³⁾	<i>in € million</i>	-2.17	3.54	-0.05	>100
Investments	<i>in € million</i>	1.53	1.51	1.63	+7
Acquisitions	<i>in € million</i>	1.11	0.00	0.00	0
Employees ⁴⁾		779	733	752	+3

Balance Sheet Data		30.9.2010	30.9.2011	30.9.2012	Change in %
Equity	<i>in € million</i>	20.11	18.72	16.61	-11
Net debt	<i>in € million</i>	9.04	5.82	5.98	+3
Capital employed	<i>in € million</i>	29.10	24.50	22.56	-8
Working capital	<i>in € million</i>	4.63	1.34	0.41	-69
Balance sheet total	<i>in € million</i>	51.05	49.43	46.42	-6
Equity ratio	<i>in %</i>	39	38	36	-
Gearing	<i>in %</i>	45	31	36	-
Employees ⁵⁾		713	786	756	-4

Stock Exchange Data		2009/10	2010/11	2011/12	Change in %
Earnings per share	<i>in €</i>	0.05	-0.09	-0.14	-56
Adjusted earnings per share ⁶⁾	<i>in €</i>	-0.26	-0.09	-0.11	-22
Dividend per share	<i>in €</i>	0.00	0.00	0.00	-
Equity per share	<i>in €</i>	1.31	1.22	1.08	-11
Share price high	<i>in €</i>	1.40	1.10	0.95	-14
Share price low	<i>in €</i>	0.91	0.72	0.55	-24
Share price at year-end	<i>in €</i>	1.00	0.94	0.65	-31
Shares outstanding (weighted)	<i>in 1,000</i>	15,387	15,387	15,387	0
Market capitalization at year-end	<i>in € million</i>	15.39	14.46	9.99	-31

Segments 2011/12 <i>in € million</i>	Germany		Italy		The Netherlands		Central East Europe		Holding and Other	
Revenues	39.77	(+4%)	22.47	(+9%)	10.57	(+18%)	3.20	(+0%)	0.00	-
Operating EBITDA	2.04	(-20%)	1.57	(+37%)	0.42	(-54%)	0.21	(-2%)	-1.50	(+11%)
Operating EBIT	1.41	(-21%)	0.90	(>100%)	-0.08	(>100%)	0.11	(-17%)	-1.55	(+11%)
Investments	0.56	(+21%)	0.55	(-27%)	0.36	(+80%)	0.09	(+10%)	0.06	(>100%)
Employees ⁴⁾	343	(-1%)	284	(+2%)	90	(+24%)	30	(+8%)	5	(-36%)

- 1) From continuing operations
- 2) Adjusted for restructuring costs and non-recurring income
- 3) Cash flow from operating activities less cash flow from investing activities plus acquisitions
- 4) Average number of employees (salaried and free-lance) during the period
- 5) Number of employees at reporting date
- 6) Adjusted for reconstruction costs, non-recurring income and result from discontinued operation

BRAIN FORCE at a Glance

BRAIN FORCE is a leading IT services group with 756 employees at 14 locations in seven European countries, as well as a subsidiary in California, USA. The corporate headquarters of BRAIN FORCE, a public listed company, listed on the Xetra-continuous trading of the Vienna Stock Exchange, are located in Vienna, Austria. Germany is the largest single market, generating 52% of group revenues, followed by Italy, which contributes 30%, the Netherlands with 14% and Central East Europe (primarily Austria) with a 4% share of revenues.

Founded in 1983, BRAIN FORCE has considerably expanded its portfolio of products and services since the Initial Public Offering in the year 1999 (Neuer Markt segment in Frankfurt, current stock exchange listing in Vienna), adjusting it to the current market requirements.

- ▶ BRAIN FORCE is a medium-sized IT company, founded in 1983
- ▶ with a current staff of 756 employees at 14 locations in seven European countries (GER, ITA, AUT, NED, CZE, SVK, SUI) as well as a subsidiary in California, USA
- ▶ registered office and Group headquarters in Vienna, Austria, publicly listed on the Vienna Stock Exchange

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* reviewed by the auditor

Foreword

Chief Executive's Review

Dear shareholders,

In fiscal year 2011/12 the BRAIN FORCE Group achieved a revenues growth of 7% and, following the operative turnaround in the past year, was able to generate a positive operating result. After having to report a negative operating result in the first quarter, the development was positive as of the second quarter with continuously improving results. Overall we were able to compensate the restructuring expenses booked in the first quarter of 2011/12 and generate positive results after restructuring, due to the improved results. In particular the implemented measures concerning distribution show a positive effect on the current order situation and the distribution pipeline. This basis, resulting from the strengthening of distribution shall also be implemented into measurable results in the next quarters.

From the beginning of business year 2011/12 the economic framework conditions were difficult in all BRAIN FORCE regions. Whereas economic experts anticipated a growth of 1.5% for the whole euro area at the beginning of 2012, forecasts were continuously downgraded in the course of the year. One of the main reasons for the slow or declining development of the economic performance has its origin in the weak domestic demand of some countries. Despite of the decline of the economic performance in some EU-countries, especially in Italy and the Netherlands, our company was able to prove itself on the market and record an increase in revenues in comparison to the previous year. The margins to be achieved by our subsidiaries are however still facing pressure due to the cost awareness in connection to the weakened domestic demand.

The European Commission does not anticipate economic recovery for the year 2013. The predicted growth rates for the BRAIN FORCE markets Germany and Austria amount to 0.8% and 0.9%. In the Netherlands an increase of economic performance of only 0.3% is anticipated, whereas Italy is likely to face a decline.

At present, we are pursuing our strategy of further harmonizing the company and its segments, create larger business units and shut down or dispose business areas which do not offer long-term growth perspectives. Until now we have invested and will further invest in sustainable growth areas such as the channel sales of network products. This is because we expect that increasing importance will be continually attached to data networks and the monitoring of these networks based on the trend towards cloud computing and

outsourcing. Therefore we are hiring employees, training them and intensifying our market development efforts in Europe, the Middle East and India via an international reseller network.

In the fiscal year from October 1, 2011 to September 30, 2012 BRAIN FORCE HOLDING AG recorded an increase in revenues of 7% to € 76.01 m. In this respect all operative business areas recorded increases and partly significant growth. The operatingve group-EBITDA amounted to € 2.74 m and was hence about 13% below previous year's level of € 3.13 m. The operating group-EBIT amounted to € 0.79 m and was € 0.25 m below previous year's level. The decline of the operative results mainly results from an increase in expenses by € 0.91 m used for the strengthening of sales. As a result, distribution costs increased by 14%, whereas administrative expenses were reduced by 1%.

In fiscal year 2011/12 the company recorded restructuring expenses amounting to € 0.68 m, resulting in a group-EBITDA of € 2.06 m and a group-EBIT of € 0.11 m. The restructuring implemented in the first quarter concerned the business area FINAS (front office solutions for financial services providers) in Germany. Since this business area has developed very positively in the previous fiscal year due to several license sales and due to making use of the possibility of short-time work, we had to reduce the number of employees in this fiscal year in order to enable a sustainable positive development. This measure already had a positive effect on the following quarters.

Despite the positive operative development, the result before taxes amounted to € -2.21 m compared to € 1.38 m in the reference period of the previous year. The decline can be mainly associated with the restructuring expenses incurred at a simultaneously slight improvement of the at-equity result from SolveDirect Service Management GmbH from € -1.63 to -1.49 m. The overall result amounted to € -2.14 m, compared to € -1.39 m in the previous year.

The total number of employees of the BRAIN FORCE Group shows a development corresponding to the group's growth. At an increase of revenues by 7%, the average number of employees increased by 3% to 752. In this respect the number of employed employees rose from 505 to 518 and the number of freelancers from 228 to 234. As of the reporting date the number of employees decreased by 4% from 786 to 756.



Despite of a slight decline in comparison to the previous year, the balance sheet ratios further showed solid figures. The equity ratio as of the reporting date of September 30, 2012 amounted to 36% and the gearing to 36% as well. The operating cash-flow amounted to € +1.55 m and was significantly below previous year's level with € +5.04 m, however it has to be taken into account that the effect from working capital improvement measures in the previous year amounted to about € 3.29 m and a further optimization towards clients and suppliers is enforceable only with difficulty. In addition, restructuring expenses paid in fiscal year 2011/12 in the amount of € 0.68 m burden the operating cash-flow. In spite of these restrictions the liquid assets as of the balance sheet date amount to € 5.62 m compared to € 5.81 m in the previous year. The net debt increased only slightly from € 5.82 to 5.98 m.

For the fiscal year 2011/12 BRAIN FORCE has aimed at further growth. On the basis an increase of revenues by 7%, or from € 4.92 m to € 76.01 m and in particular on the basis of the continuous improvement as of beginning of the second quarter, from today's perspective operative growth can be anticipated for the fiscal year 2012/13. Further successful market development above the predicted growth of the business performance in the EU-countries is a prerequisite for the above mentioned anticipation.

At this point I would like to take the opportunity to sincerely thank our employees for their dedication and hard work in a still difficult market environment. Let me also express my thanks to our

customers and business partners for their confidence in us. We are fully committed to surpass your expectations. Finally, I would like to ask you, esteemed shareholders, to continue placing your trust in us. We will do everything in our power to continually improve our operating performance, in order to lay the groundwork for a satisfactory share price and dividend development in the future.

Yours

A handwritten signature in blue ink, appearing to read 'M. Hofer', written over the printed name 'Michael Hofer'.

Michael Hofer

Report of the Supervisory Board

The Supervisory Board of BRAIN FORCE HOLDING AG held a total of five meetings in fiscal year 2011/12, intensively discussing the overall economic situation and the future strategic development of the company and its group companies as well as significant events. Within the context of its regular reporting and with comprehensive reports submitted in all meetings, the Management Board informed the Supervisory Board about the present state of the business and the financial position of the group as well as the personnel situation. Additional information was supplied about extraordinary developments.

The committees dealt in detail with individual specialized issues and subsequently reported their findings to the Supervisory Board. The Presidium of the Supervisory Board was regularly informed about the current business situation by the Management Board. The Audit Committee convened twice, the Remuneration and the Nomination Committee convened once respectively. The criteria of variable remuneration, the principles of retirement and termination benefits as well as the list of individual Management Board and Supervisory Board remunerations are presented in the Remuneration Report. No share option plan exists for executives of the group.

At its meeting on October 24, 2011, the Supervisory Board approved further cost saving measures at the group holding company and the related amicable premature termination of the Management Board contract with Mr. Thomas Melzer. The Management Board contract with Mr. Melzer, valid until September 30, 2012, was prematurely terminated per December 31, 2011. In addition, the Management Board reported on the result expected for fiscal year 2010/11.

With regards to the annual financial statements for fiscal year 2010/11 the Audit Committee called in the annual auditor to attend its meeting on December 7, 2011, who reviewed the results of the audit of fiscal year 2010/11. In the subsequent meeting, the Supervisory Board dealt with and formally approved the annual financial statements of BRAIN FORCE HOLDING AG, and also resolved upon the consolidated financial statements, the Management Report, the Corporate Governance Report, the proposal for the distribution of the dividend submitted by the Management Board and the Report of the Supervisory Board to the Annual General Meeting. Furthermore, a proposal to the General Annual Meeting was prepared with respect to the selection of the auditors and the agenda of the Annual General Meeting.

The Supervisory Board meeting also focused on the report of the Management Board on the overall business development and financing situation as well as the resolutions for transactions subject to approval of the Supervisory Board. In addition significant details for the Management Board contract to be concluded with the new CFO were verified.

The Supervisory Board meeting on February 14, 2012 dealt with preparations for the 14th ordinary Annual General Meeting of BRAIN FORCE HOLDING AG, which took place on March 1, 2012 as planned.

In addition, the Management Board reported to the Supervisory Board about the results of the first quarter of fiscal year 2011/12, expectations for the fiscal year and the financing situation.

At the Supervisory Board meeting of May 10, 2012 the Management Board presented a detailed report on the status of the earnings development in the second quarter as well as an outlook for the entire fiscal year 2011/12.

The meeting of the Audit Committee held on September 6, 2012 together with the auditor dealt with the results of the preliminary audit of the annual financial statements as at September 30, 2012 as well as the procedures, schedule and priorities of the main audit. In the subsequent Supervisory Board meeting, the Board was provided with detailed information about the current state of business, the third quarter results as well as the forecasted business results for the fiscal year from October 1, 2011 to September 30, 2012 and the 2012/2013 budget and medium-term planning. The budget was approved by the Supervisory Board after an intensive discussion. In addition the Supervisory Board decided on the extension of the Management Board contract with the CEO Mr. Michael Hofer.

The annual financial statements and the Management Report of BRAIN FORCE HOLDING AG as well as the consolidated financial statements as at September 30, 2012 in accordance with IFRS were audited by PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna and granted an unqualified auditor's opinion. All documentation related to the annual financial statements, the proposal by the Management Board for the distribution of profits and the Independent Auditor's Report were discussed in detail with the auditor at the Audit Committee meeting held on December 6, 2012 and presented to the

Supervisory Board together with the Management Reports and the Corporate Governance Report at its subsequent meeting.

We have evaluated the documents pursuant to Art. 96 of the Austrian Stock Corporation Act and approve the results of the audit. Accordingly, the annual financial statements were adopted by the Supervisory Board in accordance with Art. 96 (4) of the Austrian Stock Corporation Act. Furthermore, the Supervisory Board also approves the proposal of the Management Board for the appropriation of result. Moreover, we resolved upon the report of the Supervisory Board to the Annual General Meeting and prepared a proposal for the election of the auditors for fiscal year 2012/13 and the agenda for the 15th Annual General Meeting on February 28, 2013.

The Supervisory Board would like to thank the management as well as all employees for their dedication and hard work in the past fiscal year 2011/12.

Vienna, December 6, 2012



Stefan Pierer
Chairman of the Supervisory Board



Corporate Governance Report

Corporate Governance at BRAIN FORCE

BRAIN FORCE pursues a strategy to ensure the sustainable enhancement of shareholder value. The goal of the Management and Supervisory Boards is to implement a strict policy focusing on good corporate governance and transparency, and the ongoing further development of an efficient system of corporate control. This approach is designed to create confidence in the company and establish the basis for long-term value creation.

BRAIN FORCE is committed to complying with the Austrian Corporate Governance Code (ÖCGK), and has pledged to adhere to the guidelines contained in it. Accordingly, the company oriented its business operations in the 2011/12 fiscal year from October 1, 2011 to September 30, 2012 by the January 2010 version of the Austrian Corporate Governance Code. In addition to observing the obligatory "L-Rules" (Legal Requirements), the BRAIN FORCE Group abided by the currently valid Austrian Corporate Governance Code during the past fiscal year, bearing in mind the explanations provided below:

"C-Rule 18": No separate internal audit department has been set up in the light of the company's size. However, BRAIN FORCE has established an internal controlling and reporting system enabling the Management Board to identify risks and quickly implement an appropriate response. The Supervisory Board, particularly the Audit Committee, is regularly informed about the internal control mechanisms and risk management throughout the group. Further information on risk management can be found in the Management Report of the consolidated financial statements per September 30, 2012.

"C-Rule 36": The Supervisory Board strives to continually improve its organization, work procedures and efficiency. An explicit self-evaluation did not take place in the fiscal year under review.

"C-Rule 45": The Supervisory Board member Josef Blazicek also serves on the Supervisory Board of update Software AG, which offers front office business solutions for similar branches as does BRAIN FORCE Software GmbH, Munich.

"C-Rule 83": The auditor of the consolidated financial statements also made an assessment of the effectiveness of the risk management system of the BRAIN FORCE Group within the context of the annual audit in 2009/10, and subsequently presented its findings to the Supervisory Board and Management Board. In the light of the company's size, this assessment was not carried out since then.

The updated version of the Austrian Corporate Governance Code and the Corporate Governance Report are available at www.brainforce.com under the heading "Investors". A compliance code implementing the provisions contained in the Issuer Compliance Regulation of the Austrian Financial Market Authority was enacted in the company as a means of preventing insider trading. Adherence to the guidelines is continually monitored by a compliance officer.

BRAIN FORCE HOLDING AG is committed to the principle of transparency and the goal of providing a "true and fair view" for the benefit of all shareholders. All relevant information is published in our annual report, quarterly reports, on the corporate website and within the context of our ongoing press relations work. Reports are prepared in accordance with the internationally recognized accounting principles contained in the International Financial Reporting Standards (IFRS). BRAIN FORCE HOLDING AG also informs its shareholders about all issues and developments of relevance to the company by means of ad-hoc announcements and corporate news. The financial calendar already points out important dates in a timely manner. Comprehensive information is published in the "Investors" section of the BRAIN FORCE website, and is thus available to all shareholders at the same time.

The company has issued a total of 15,386,742 ordinary, no-par value bearer shares. There are no preferential shares or restrictions on these no-par value bearer shares. Accordingly, the principle of "one share – one vote" fully applies. The Austrian Takeover Act ensures that every shareholder will receive the same price for BRAIN FORCE shares in the case of a takeover bid (public tender offer). The shareholder structure is depicted in the chapter "BRAIN FORCE shares and owners" of the annual report.

The Management Board manages the business of the company under its own responsibility in compliance with valid legal regulations, the Articles of Association of BRAIN FORCE HOLDING AG and the internal rules of procedure. The internal rules of procedure primarily stipulate the assignment of responsibilities as well as a list of measures requiring the approval of the Supervisory Board. The Supervisory Board conducts its business in accordance with valid legal regulations, the Articles of Association and its internal rules of procedure.

The Management Board provides information to the Supervisory Board within the framework of regular meetings (at least once in each quarterly period). Additional meetings are held when necessary, for example to prepare an Annual General Meeting, to consult on the budget or discuss current strategic decisions. As a result, the Supervisory Board has access to all the relevant information required enabling it to perform its consulting and supervisory duties. Five meetings of the Supervisory Board were held in the fiscal year from October 1, 2011 to September 30, 2012. In line with the Austrian Corporate Governance Code, the Management Board and Supervisory Board maintain ongoing contact above and beyond the formal sessions to discuss the orientation of the company. Depending on the significance and type of duty to be fulfilled, the Supervisory Board has also established committees to carry out specific functions. The members and designated responsibilities of the Supervisory Board committees are presented in the chapter "Management Board and Committees" in the annual report. Apart from the Supervisory Board member whose appointment ended

with the Annual General Meeting on fiscal year 2010/11, every Supervisory Board member took part in more than half of the Supervisory Board meetings.

The Supervisory Board has enacted guidelines to determine the independence of Supervisory Board members of BRAIN FORCE HOLDING AG in accordance with C-Rule 53 of the Austrian Corporate Governance Code:

- ▶ **Criterion 1:** The Supervisory Board member was not a member of the Management Board or a top executive of BRAIN FORCE HOLDING AG or a subsidiary of BRAIN FORCE HOLDING AG in the previous five-year period.
- ▶ **Criterion 2:** The Supervisory Board member did not maintain any business ties with BRAIN FORCE HOLDING AG in the previous five-year period which may be considered significant in scope for a supervisory board member. This also applies to related party transactions with companies in which the Supervisory Board member has a considerable economic interest. Approval of individual transactions by the Supervisory Board pursuant to C-Rule 48 of the Austrian Corporate Governance Code does not automatically disqualify the Supervisory Board member as being independent.
- ▶ **Criterion 3:** The Supervisory Board member was not an auditor of BRAIN FORCE HOLDING AG, a shareholder or employee of the auditing company over the previous three years.
- ▶ **Criterion 4:** The Supervisory Board member is not a member of the Management Board of another company, in which a member of the Management Board of BRAIN FORCE HOLDING AG serves on its Supervisory Board.
- ▶ **Criterion 5:** The Supervisory Board member has not been on the Supervisory Board of BRAIN FORCE HOLDING AG for more than 15 years. This does not apply to Supervisory Board members, who own more than a 10% stake in the company or who represent the interests of such a shareholder.
- ▶ **Criterion 6:** The Supervisory Board member is not a close family member (direct descendant, spouse, common law spouse, parent, uncle, aunt, sibling, niece and nephew) of a member of the Management Board of BRAIN FORCE HOLDING AG or of people, who fulfill one of the other five criteria.

All Supervisory Board members of BRAIN FORCE HOLDING AG are to be considered as independent in line with the abovementioned guidelines. Corresponding declarations were submitted by all Supervisory Board members. The main responsibility of the Supervisory Board is to supervise the work of the Management Board in accordance with Art. 95 Austrian Stock Corporation Act. This responsibility is being completely carried out by the currently appointed Supervisory Board. The company has a free float exceeding 20% and less than 50%. At least one member of the Supervisory Board (Christoph Senft) is neither owner of the company with a stake of more than 10%, nor does he represent the interests of a major shareholder. Employees of BRAIN FORCE HOLDING AG have not

elected a works council. For this reason, no employee representative is a member of the Supervisory Board.

BRAIN FORCE HOLDING AG has neither granted loans to Management nor Supervisory Board members. Based on the Letter of Engagement signed in August 2011 to provide M&A consulting services, Ocean Advisory GmbH, Vienna received € 53,862 for advisory services. The fees correspond to prevailing market rates. The Supervisory Board member Josef Blazicek is a partner of Ocean Advisory GmbH. In fiscal year 2011/12 a transfer agreement with CROSS Informatik GmbH, Wels for the provision of a management board member existed. CROSS Informatik GmbH, Wels is majority shareholder of BRAIN FORCE HOLDING AG. A transfer agreement between HOFER Management GmbH, Vöcklabruck, a company in which the Chief Executive Officer Michael Hofer owns a 100% stake, and BRAIN FORCE HOLDING AG is in effect since October 1, 2012 to provide a management board member for BRAIN FORCE. In fiscal year 2011/12 BRAIN FORCE HOLDING AG and HOFER Management GmbH, Vöcklabruck jointly founded Network Performance Channel GmbH, Vöcklabruck. BRAIN FORCE HOLDING AG holds a share of 74% in Network Performance Channel GmbH, HOFER Management GmbH holds 26%. Service relationships exist between BRAIN FORCE HOLDING AG and CROSS Industries AG, Wels – which holds a share of 50% in CROSS Informatik GmbH, Wels – and the associated company SolveDirect Service Management GmbH, Vienna in some isolated cases, the scope of which does not have a material impact on the financial situation of the company.

All vacant job positions in the BRAIN FORCE Group are filled regardless of gender and in accordance with objective qualification criteria. In this company, a specific program to promote the career advancement of women has not been set up.

PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna was appointed by the 14th Annual General Meeting to serve as the auditors of the consolidated annual financial statements and annual financial statements of BRAIN FORCE HOLDING AG for the fiscal year between October 1, 2011 and September 30, 2012. In addition to this work, PwC and partner offices around the world also sporadically perform tax and financial consulting services on behalf of the BRAIN FORCE Group. In the 2011/12 fiscal year between October 1, 2011 and September 30, 2012, total consulting fees invoiced by PwC to BRAIN FORCE HOLDING AG amounted to € 0.03 million. The fee charged for auditing the consolidated financial statements and carrying out audit-related services totaled € 0.12 million. At the present time no contractual agreements exist for PwC to provide project-related consulting services in the new fiscal year.

Management Board

At its meeting of October 2011, the Supervisory Board resolved upon the premature termination of the Management Board contract with Thomas Melzer by mutual consent, effective December 31, 2011.

Thomas Melzer served as Chief Financial Officer of BRAIN FORCE HOLDING AG from April 1, 2008 to December 31, 2011.



Michael Hofer (born 9/18/1960)
Chief Executive Officer
Initially appointed: 10/19/2009
End of current term: 12/31/2013

Michael Hofer, who has a doctorate in business administration, has served as Chief Executive Officer of BRAIN FORCE HOLDING AG since October 19, 2009. His professional career began in 1983, when he held a chair in the science of advertising and market research at the University of Vienna. In 1991 he became product manager at Eternit-Werke Ludwig Hatschek AG and in 1994 assumed the position

of managing director of Trumag Trunkenbolz VertriebsgmbH. As of 1996 Michael Hofer served as the executive officer of Welsermühl Holding AG. From 1997 to 2005 he worked in various positions for KTM Sportmotorcycle AG in the fields of organization, IT, accounting, human resources and sales logistics. He also served on the company's management board for two and a half years. Before being appointed CEO of BRAIN FORCE HOLDING AG, he was the sole managing director of Eternit-Werke Ludwig Hatschek AG for about four years in the period from 2005 to 2009, and a member of the Supervisory Board of BRAIN FORCE HOLDING AG as of May 28, 2008.

Areas of responsibility of Michael Hofer:

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



Hannes Griesser
(born 2/2/1967)
Chief Financial Officer
Initially appointed: 1/1/2012
End of current term: 12/31/2014

Hannes Griesser has a degree in Business Administration and was appointed CFO of BRAIN FORCE HOLDING AG on January 1, 2012. He started his career at BRAIN FORCE in September 2000 in the field of group consolidation and was in charge of Corporate Accounting since April 2001. In July 2008 Hannes Griesser

was granted power of attorney. From December 2007 until December 2009 he was manager of BRAIN FORCE SOFTWARE GmbH, Vienna, responsible for finance. Before his career at BRAIN FORCE Hannes Griesser worked for several medium-sized tax advice and auditing companies.

Areas of responsibility of Hannes Griesser:

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

Areas of responsibility shared by all members of the Management Board:

- ▶ Business Strategy
- ▶ Strategic Projects

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

Members and Committees of the Supervisory Board

In the fiscal year 2010/11 lasting from October 1, 2011 to September 30, 2012, the Supervisory Board of BRAIN FORCE HOLDING AG consisted of the following members elected by the Annual General Meeting:

Stefan Pierer, Chairman (born 11/25/1956)

- ▶ Independent pursuant to Rule 53 Austrian Corporate Governance Code (ÖCGK)
- ▶ First elected May 28, 2008
- ▶ Term of office until the end of the annual general meeting resolving upon the fiscal year 2015/16,

Other functions:

- ▶ Chief Executive Officer of KTM AG
- ▶ Chief Executive Officer of CROSS Industries AG
- ▶ Management Board member of Unternehmens Invest AG (until July 26, 2012)
- ▶ Chairman of the Supervisory Board of Pankl Racing Systems AG

Friedrich Roithner, Deputy Chairman (born 03/10/1963)

- ▶ Independent pursuant to Rule 53 Austrian Corporate Governance Code (ÖCGK)
- ▶ First elected May 28, 2008
- ▶ Term of office until the end of the annual general meeting resolving upon the fiscal year 2015/16

Other functions:

- ▶ Management Board member of CROSS Industries AG
- ▶ Management Board member of KTM AG
- ▶ Supervisory Board member of Pankl Racing Systems AG (since April 27, 2012)

Christoph Senft, Supervisory Board member (born 03/07/1961)

- ▶ Independent pursuant to Rule 53 Austrian Corporate Governance Code (ÖCGK)
- ▶ First elected June 12, 2003
- ▶ Term of office until the end of the annual general meeting resolving upon the fiscal year 2013/14

Other functions:

- ▶ Owner and Advisory Board member of MWS Industrieholding GmbH

Josef Blazicek, Supervisory Board member (born 02/15/1964)

- ▶ Independent pursuant to Rule 53 Austrian Corporate Governance Code (ÖCGK)
- ▶ First elected May 28, 2008
- ▶ Term of office until the end of the annual general meeting resolving upon the fiscal year 2015/16

Other functions:

- ▶ Deputy Chairman of the Supervisory Board of CROSS Industries AG
- ▶ Chairman of the Supervisory Board of BEKO HOLDING AG
- ▶ Supervisory Board member of update software AG
- ▶ Supervisory Board member of Pankl Racing Systems AG
- ▶ Supervisory Board member of All for One Steeb AG

- ▶ Supervisory Board member of Triplan AG
- ▶ Deputy Chairman of the Supervisory Board of KTM AG (since April 20, 2012); Chairman as of September 26, 2012

Wolfgang M. Hickel (born 03/04/1943)

- ▶ Member of the Supervisory Board until March 1, 2012

Audit Committee

Members: Friedrich Roithner (Chairman), Christoph Senft (Deputy Chairman), Josef Blazicek

The duties of the Audit Committee include:

- ▶ Supervising (Group) accounting processes
- ▶ Overseeing the work of the auditors
- ▶ Audit and preparations for the approval of the annual financial statements, proposals for the distribution of the profits and the management report
- ▶ Audit of the consolidated financial statements
- ▶ Developing a proposal for the selection of the auditors
- ▶ Supervising the internal control and risk management system

Two meetings of the Audit Committee were held during the fiscal year 2011/12 lasting from October 1, 2011 to September 30, 2012, primarily focusing on the following issues:

December 2012:

- ▶ Auditor's Report on the audit of the financial statements for the fiscal year ending September 30, 2011
- ▶ Preparation of a recommendation to the Supervisory Board for the election of an auditor for fiscal year 2011/12

September 2012:

- ▶ Report of the auditor on the result of preliminary audit of the financial statements as of September 30, 2012
- ▶ Report of the Management Board on the budget for the fiscal year 2012/13

Remuneration and Nomination Committee

Members: Stefan Pierer (Chairman), Friedrich Roithner (Deputy Chairman)

The duties of the Remuneration and Nomination Committee include:

- ▶ Developing proposals to fill positions on the Management Board and Supervisory Board
- ▶ Remuneration of members of the Management Board
- ▶ Employment contracts with members of the Management Board

One meeting of the Remuneration and Nomination Committee was held during the fiscal year lasting from October 1, 2011 to September 30, 2012, primarily focusing on the appointment of Hannes Griesser the CFO as well as the variable remuneration for the Management Board members Michael Hofer and Thomas Melzer for fiscal year 2010/11.

Remuneration Report

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

The Remuneration Report summarizes the principles applied in determining the remuneration paid to the Management Board of BRAIN FORCE HOLDING AG, and explains the amount and structure of the income received by the members of the Management Board. In addition, the report also presents the principles and amount of remuneration paid to the members of the Supervisory Board. The Supervisory Board delegated responsibility for determining the remuneration for the BRAIN FORCE Management Board to the Remuneration and Nomination Committee.

The objective of the remuneration system is to ensure an adequate and performance-based compensation

Pursuant to the stipulations contained in the Austrian Stock Corporation Act, the Management Board is appointed for a specified period of time (Michael Hofer until December 31, 2013 and Hannes Griesser until December 31, 2014). Contracts for the individual members of the BRAIN FORCE Management Board are concluded for the respective term of office or changed, defining the amount and structure of the remuneration. The aim of the remuneration scheme is to provide appropriate compensation for the Management Board members in accordance with the scope of their functions and areas of responsibility, taking account of national and international comparisons in the IT sector. An important aspect of the remuneration system is a variable salary component which incorporates the success of the company. For this reason, the total remuneration is based on fixed and performance-based components, in which case the performance-related component is calculated in accordance with the respective operating EBIT of the Group.

Annual bonus of the Management Board is oriented to the operating EBIT

The fixed remuneration is oriented to the areas of responsibility assumed by each Management Board member. The consequence is that each Management Board member has a different fixed remuneration depending on the range of his duties and functions, taking the strategic and operational responsibility into consideration. The annual bonus represents a variable cash remuneration, the amount of which directly depends on the operating EBIT (operating result before book gains) of the BRAIN FORCE Group. The variable salary components are capped. The fixed remuneration and annual bonus are paid on a pro rata basis if the period of employment is for periods of less than one year.

No variable remuneration for the fiscal year 2011/12

The total remuneration paid to the members of the Management Board for the 2011/12 fiscal year amounted to € 450,000 (prior year: € 586,782). In addition, for early termination of the management contract of Thomas Melzer a settlement in the amount of € 201,904 was granted. For fiscal year 2011/12 there was no remuneration paid out.

Management Board Remuneration in € ¹⁾	2011/12			2010/11		
	Fixed	Variable	Total	Fixed	Variable	Total
Michael Hofer	275,000	0	275,000	275,000	64,716	339,716
Thomas Melzer	50,000	0	50,000	200,000	47,066	247,066
Hannes Griesser	125,000	0	125,000	0	0	0
Total	450,000	0	450,000	475,000	111,782	586,782

1) without remuneration for the early termination of the management contract in the amount of € 201.904

Management Board members do not serve on other boards

Supervisory Board approval is required for a Management Board member to do additional work. This ensures that the time involved or the remuneration received does not lead to a conflict of interest with the individual's responsibilities on behalf of BRAIN FORCE. In the past fiscal year, the Management Board

members of BRAIN FORCE did not perform any other jobs in the form of Supervisory Board or Management Board mandates with other domestic or foreign companies outside of the BRAIN FORCE Group. No remuneration is paid for positions assumed in BRAIN FORCE subsidiaries.

In the case of a termination of the employment relationship with the Chief Financial Officer Hannes Griesser a claim for severance payments pursuant to the legal regulations prevailing in Austria exists. Payments to "Mitarbeitervorsorgekassen" (statutory contributions to a fund for employee severance payments) totaled € 3,435 (prior year: € 3,660). 10% of the fixed salary of the Chief Financial Officer will be paid by the company on his behalf into a defined contribution pension scheme. No other pension fund agreements exist. No costs were incurred for commitments to former Management Board members (previous year: € 0).

Severance payments for Management Board members reflect legal regulations in Austria

The Annual General Meeting held on March 1, 2012 approved the following remuneration scheme for members of the Supervisory Board which is the same as in the previous year: in addition to reimbursement for expenses, the Supervisory Board members receive a fixed remuneration for their work on the Supervisory Board in the fiscal year 2010/11, depending on the functions they perform. Accordingly, the Chairman of the Supervisory Board receives € 10,000 p.a., the Deputy Chairman € 7,500 p.a. and every other Supervisory Board member € 6,000 p.a. In addition, the Chairman is granted an attendance fee of € 1,000 for each Supervisory Board meeting he attends, whereas the Deputy Chairman receives € 800, and the other members € 600 for attending. The chairman of a committee is given € 500, the deputy chairman € 400 and other members € 300 for each committee meeting they personally attend. If Supervisory Board members perform additional work on behalf of the company, they may be granted special remuneration by a resolution of the Annual General Meeting. For the fiscal year 2011/12 (payment in the fiscal year 2012/13), the total remuneration to be paid to members of the Supervisory Board and already recognized as an expense in the income statement amounts to € 52,100. In the fiscal year 2011/12, the total remuneration paid to members of the Supervisory Board for the fiscal year 2010/11 totaled € 57,100.

Annual General Meeting resolution on remuneration for the Supervisory Board

Remuneration for the Supervisory Board in €	2011/12	2010/11
Stefan Pierer, Chairman	16,500	16,000
Friedrich Roithner, Deputy Chairman	13,700	13,300
Josef Blazicek	9,000	9,600
Wolfgang Hickel	3,100	9,000
Christoph Senft	9,800	9,200
Total	52,100	57,100

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

No pension obligations for the Supervisory Board

Sales and acquisitions of BRAIN FORCE shares by members of the Management Board and Supervisory Board are reported to the Financial Market Authority in accordance with Art. 48 Austrian Stock Exchange Act, and published on the BRAIN FORCE Website under "Investors/Corporate Governance/Directors' Dealings".

Disclosure of transactions in own shares on the Website

BRAIN FORCE HOLDING AG has signed a "Directors and Officers" (D&O) insurance policy on behalf of its managing directors, Management Board and Supervisory Board members, and bears the costs.

Company pays costs of D&O insurance

The Company

Company Profile

Leading IT services group with 756 employees in seven European countries and the USA

BRAIN FORCE is a leading IT services group with 756 employees at 14 locations in seven European countries, as well as a subsidiary in California, USA. The corporate headquarters of BRAIN FORCE, a public listed company, listed on the Xetra-continuous trading of the Vienna Stock Exchange, are located in Vienna, Austria. Germany is the largest single market, generating 52% of group revenues, followed by Italy, which contributes 30%, the Netherlands with 14% and Central East Europe (primarily Austria) with a 4% share of revenues.

BRAIN FORCE was established in 1983

Founded in 1983, BRAIN FORCE has considerably expanded its portfolio of products and services since the Initial Public Offering in the year 1999 (Neuer Markt segment in Frankfurt, current stock exchange listing in Vienna), adjusting it to the current market requirements. The core business of the company currently rests upon three pillars:

Process Optimization

The Process Optimization area comprises IT-services and software solutions to support business-critical processes in companies, enabling them to achieve competitive advantages.

Infrastructure Optimization

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

This portfolio is complemented by **Professional Services**, where BRAIN FORCE recruits and supplies IT specialists for customer requirements.

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

BRAIN FORCE is represented at the following locations:



Products and Services

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

Smart IT solutions from BRAIN FORCE contribute to cost reduction and the success of our customers

Process Optimization encompasses IT services and software solutions in the following fields:

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

BRAIN FORCE supplies solutions to optimize business-critical processes

Infrastructure Optimization encompasses IT solutions focusing on:

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

We provide customers with a well-manageable and efficient IT-infrastructure

Professional Services encompass:

- ▶ Recruiting and provision of IT-professionals
- ▶ IT-Consulting: Service strategy, virtualization, cloud computing, target scenarios, alternatives, catalogues of measures
- ▶ Project-/Service Management: Project management according to PRINCE2, service management according to ITIL, efficient project- and service organization, service value management
- ▶ Support: 1st, 2nd and 3rd level service desk, temporary service at peak periods, incident-, problem-, change-, release- and configuration management
- ▶ Software Development: Requirements management, development of prototypes, individual development, application tests
- ▶ Rollout & Operation: Software virtualization and -packaging, rollout of hard- and software, management of hard- and software, operating of ITK-infrastructures
- ▶ Quality Assurance: Design of test concepts, test automatization, test of components and systems, CSI (Continual Service Improvement)

BRAIN FORCE provides the right IT-experts at the right time

Core Business IT Optimization Consulting Projects Staffing		Products and Distribution
Process Optimization	Infrastructure Optimization	SolveDirect Service Management in Europe and USA
BF Austria ERP	BF Italy	FINAS Suite Front-Office-Solutions for financial services in GER and AUT
BF Italy ERP, CRM, BI	BF Germany	
BF CZ + SK Hypotheiken u. Asset Management	BF The Netherlands	NPC Channel-Sales of network products in Europe, Middle East, Africa and India
Professional Services Recruiting/supply of IT specialists		

Strategic Business Segments, BF = BRAIN FORCE

Corporate Strategy

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

Following an extensive evaluation of the market environment in the countries served by BRAIN FORCE and on the basis of external analyses of the Gartner Group, the two business areas **Process and Infrastructure Optimization** were identified as promising and future-oriented fields of the IT sector featuring above-average growth potential. The product and service offering in these two growth fields is covered by local business units throughout the group. This enables increased visibility and recognition of the BRAIN FORCE brand on an international level and serves as the basis for creating a homogeneous enterprise. At the same time, BRAIN FORCE is marketing its local product offering such as FINAS Suite (front and back office solutions for financial service providers) in the German speaking countries, Rebecca (software for mortgage administration) and Jupiter (asset management solution) particularly in Central East Europe and the cloud solutions of SolveDirect (service management and B2B integration) on a worldwide basis.

Reorganization and profit-oriented market development in Italy and Austria

Process Optimization

The focus of the business area Process Optimization lies on the analysis of business processes and the management of Microsoft-based business solutions for numerous nationally and internationally operating clients. In Austria business operations have been expanded from the main location in Neulengbach in Lower Austria (East) in a westerly direction towards Upper Austria (industrial focus). In Italy the organization was restructured and the market development was switched to a profit center oriented basis. Further competitive advantages arise as a result of the intensive cooperation between BRAIN FORCE subsidiaries with respect to the joint exploitation and marketing of add-ons developed in-house, as well as an intensive know-how exchange.

In Slovakia and the Czech Republic we are pursuing the strategy of expanding our business in the core target groups of banking and insurance, for example with our Network Performance offering.

Future issues: desktop virtualization, cloud computing and network performance

Infrastructure Optimization / Professional Services

The Infrastructure Optimization and Professional Services areas largely focus on identical target groups and customers whose thematic focus is on infrastructure optimization, amongst other things with the future issues of desktop virtualization, cloud computing and network performance. The Professional Services business is one method of delivering services to our customers (i.e.: recruiting and supply of IT experts). The Professional Services business is currently being expanded at our locations in Frankfurt, Munich and Veenendaal (The Netherlands).

Products and Channel business

In addition to the core business areas offered in every country, BRAIN FORCE also markets its own software solutions and third-party products. FINAS Suite, a front-office solution for financial service providers (insurance companies, banks and brokers) developed by BRAIN FORCE is highly valued, especially by the insurance sector in Germany. We see growth potential for this product in more intensively developing the business in the banking sector.

Distribution of own software solutions and third-party products

SolveDirect Service Management GmbH (53% stake, consolidated at equity) featuring its cloud solution for service integration and management, operates the world's largest service management platform on a SaaS basis. The solution was provided with functional enhancements, and is being applied in the meantime by more than 200 customers such as Cisco, IBM, Siemens, T-Systems, etc. Since the launch of the company's expansion drive on the US market in 2010 with the support of the 3TS Cisco Growth Fund, revenues have grown significantly by 20%. In Europe acquisition efforts targeting large accounts are being intensified, especially in Germany and Switzerland. In the years to come we continue to expect further strong growth in this business area.

Functional expansion of cloud solution, strong revenue growth since U.S. expansion by 20%

BRAIN FORCE Channel activities as a wholesaler for Net Optics Taps (network products to measure the traffic on transmission lines) are managed by our two companies **Network Performance Channel** GmbH, based in Germany and Austria. The market development in Europe, the Middle East, Africa and India was significantly expanded. Following a very positive revenue and earnings development in the past fiscal year with almost doubled revenues, growth with simultaneous expansion of distribution was also achieved in fiscal year 2011/12. Profitable revenue growth is also anticipated in the future. The organization as well as the reseller network is being extended in order to support the expansion drive. In upcoming years we expect sustained growth momentum to be provided by the trend towards cloud computing.

BRAIN FORCE Channel activities managed by companies in Germany and Austria

IT consulting

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

Fundamental change in the attitude of firms to IT expenditures

In addition, cloud computing, as well as the trend towards mobile work are transforming the IT landscape on a long-term basis. The diversity of the devices being used is increasing, server management is becoming more versatile and all applications are being centralized. The companies (customers) are thus increasingly outsourcing their IT tasks, due to the fact that they are no longer assured of the professional qualifications of their employees. The administration of the IT infrastructure will remain in the hands of the company, but the technology will be acquired on the outside.

Trends of cloud computing and mobile work are changing the IT-landscape

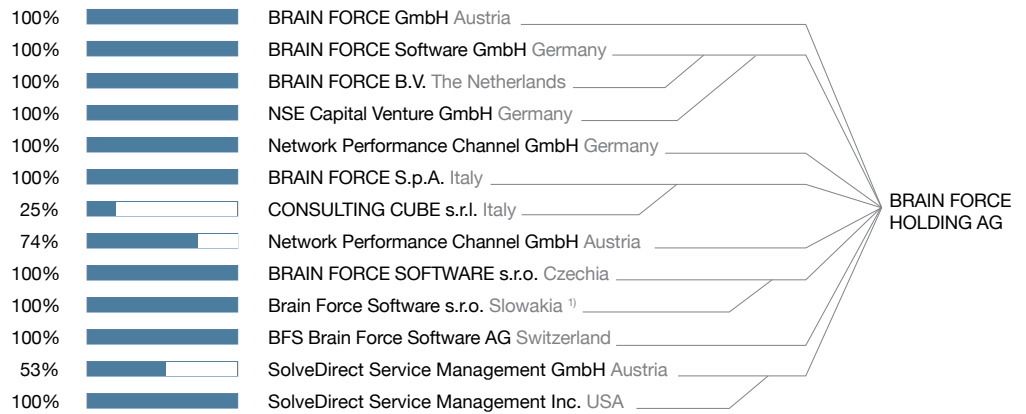
In the future, BRAIN FORCE will thus concentrate on providing IT consulting. We want to be the partners of our customers in the fields of Process and Infrastructure Optimization with a clearly-defined focus on achieving cost savings on behalf of our customers.

Focus on smart IT consulting to achieve cost savings

Corporate Structure

The following chart shows the existing Group structure on the balance sheet date:

BRAIN FORCE HOLDING AG (shares in %)



1) of which 99.5% is held by Brain Force Software s.r.o., Czech Republic and 0.5% by BRAIN FORCE Holding AG, Austria.

BRAIN FORCE Shares and Owners

Share price development

ATX up 7% in the course of the year

The Vienna benchmark index ATX started our 2011/12 fiscal year (October 1, 2011) at 1,948 points. After a feeble start, it temporarily reached 2,095 points before continually declining until November to the year low at 1,653 points. In mid-March the ATX reached its year high at 2,249 points followed by a 3 months downward trend to 1,855 points and finally closing after a significant recovery in the last quarter at 2,090 points. Thus the ATX gained 7% in value in the period from October 2010 to September 2011.

The ATX clearly outperformed the BRAIN FORCE share

In fiscal year 2011/12 the BRAIN FORCE share, listed in the Standard Market Continuous segment of the Vienna Stock Exchange, started out at a price of € 0.94. Following the sideways movement of the market, the price fell to €0.80 after the release of preliminary results for 2010/11. A further decline in price occurred in February 2012 after the release of the results for the first quarter 2011/12 to reach the year low of € 0.55 per share on February 17, 2012. Only three days later the price climbed to € 0.74. From its year low of € 0.55 the share recovered slightly to € 0.65 on September 30, 2012, the end of the fiscal year. In total the BRAIN FORCE share price dropped by 31% in fiscal year 2011/12.

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



Dividend policy

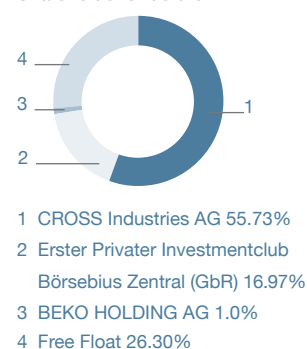
The Management Board of BRAIN FORCE HOLDING AG will propose to the Annual General Meeting scheduled for February 28, 2013 that no dividend be distributed, in order to keep the liquidity inside the company.

Management Board proposes no dividend payout

Owners

The majority shareholder of BRAIN FORCE HOLDING AG is CROSS Informatik GmbH, Wels with a share of 55.73% at balance sheet date September 30, 2012. Furthermore, the company was informed that 'Erster Privater Investmentclub Börsebius Zentral (GbR)' holds approximately 16.97% of the share capital. After the spin-off in the previous fiscal year BEKO HOLDING AG holds approximately 1% of the shares of BRAIN FORCE HOLDING AG. The remainder of the share capital is in free float.

Shareholder structure



Key Data per Share		2011/12	2010/11	Change in %
Earnings	in €	-0.14	-0.09	-56
Adjusted earnings ¹⁾	in €	-0.11	-0.09	-22
Dividend	in €	0.00	0.00	-
Free cash flow ²⁾	in €	0.00	0.23	-100
Equity	in €	1.08	1.22	-11
Share price high	in €	0.95	1.10	-14
Share price low	in €	0.55	0.72	-24
Share price at year-end	in €	0.65	0.94	-31
Share outstanding (weighted)	in 1,000	15,387	15,387	+0
Market capitalization at year-end	in € million	9.99	14.46	-31

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

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

Investor Relations

The Management Board of BRAIN FORCE HOLDING AG pursues a transparent and professional communications policy in its investor relations activities. We are putting considerable effort into inspiring confidence in the company among all target groups of relevance to the capital market. Investor relations are coordinated by the Chief Financial Officer but closely involve the Chief Executive Officer as well. The declared goal of our IR work is to convey an accurate picture of the company as a means of enabling a correspondingly accurate valuation of the BRAIN FORCE share.

The goal is a transparent communication policy

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

Analyses on the company are available on the Website

Information on the BRAIN FORCE share

Investor Relations: Hannes Griesser
 Phone: +43 1 263 09 09 0
 E-mail: investorrelations@brainforce.com
 Internet: www.brainforce.com
 Vienna Stock Exchange: BFC
 Reuters: BFCG
 Bloomberg: BFC:AV
 Datastream: O:BFS
 ISIN: AT0000820659

Management Report

Economic Environment

The EU Commission expects an economic decline of 0.4% in the Eurozone for 2012

After a strong recovery of the global economy in 2010 and a growth of 3.8% in 2011, the European Commission in its autumn forecast from November 2012 expects the global economy to grow by 3.1% this year. In 2012 the Eurozone shows great economic differences between EU member states, and an economic decline of 0.4% is expected. For both Germany, the most important market for BRAIN FORCE, and Austria, growth is expected to be around 0.8%, whereas in Italy and in the Netherlands declines of 2.3% and 0.3% are expected. The main reason for the slower development is the low domestic demand of some countries, while progress is noticeable in the consolidation of public finances.

For 2013 – with the exception of Italy – growth is forecast in all BRAIN FORCE markets

For 2013, the European Commission currently expects a moderate growth of 0.1% in the Eurozone. In Germany and in Austria, the increase is expected to be clearly above the European average at 0.8% and 0.9%, respectively, and in the Netherlands slightly above the European average at 0.3%. In Italy, a decline of 0.5% is still expected. The slowdown in economic growth also has a negative impact on the labour market. For 2013 the Commission forecasts an unemployment rate of 12% in the Eurozone, however with large differences between the member states. For Germany, an unemployment rate of 5.6% is expected in the coming year. The EU regards it as a necessity to link the financial policy to structural reforms to achieve a sustained economic growth and thus lower unemployment.

Decline in IT expenditure in EMEA in 2012 and recovery of the IT market only in 2013

According to an estimate by the market research company Gartner from November 2012, IT expenditure will decline by 3.6% in the EMEA region (Europe, Middle East, Africa) in 2012 and increase again by 1.4% only in 2013. Global IT expenditure is expected to grow by 4.4% in 2013.

In Germany the ITC industry grows faster than the overall market in 2012

The BITKOM (Federal Association for Information Technology, Telecommunications and New Media), as published in October 2012, expects that the sales of the information and telecommunications technology will rise by 2.8% in Germany in 2012. Thus, the ITC industry will grow significantly faster than the overall economy. In the Software and IT Services segments, experts expect growth rates of 4.4% (Software) and 2.1% (IT Services) for this year. For 2013, industry observers, based on the sales in Germany, expect the overall ITC industry to grow by 1.6%. The Software segment is expected to grow by 5.1% and the IT Services segment by 3.0%.

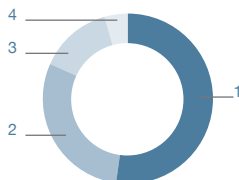
Financial and balance sheet analysis

Financial performance

Operating result again positive in the fiscal year 2011/12

BRAIN FORCE again generated a positive operating result in the fiscal year 2011/12. Following a negative operating result in the first quarter, in which additional restructuring costs were incurred, positive operating results could be reported in the three subsequent quarters. In particular the rise in sales, with a growth in all regions, showed a positive development.

Revenues by regions



- 1 Germany € 39.77 million
- 2 Italy € 22.47 million
- 3 The Netherlands € 10.57 million
- 4 Central East Europe € 3.20 million

In the fiscal year 2011/12 the Group's revenues increased by 7% to € 76.01 m. The Germany region – at € 39.77 m – reported a growth in revenues of 4% and contributed 52% to the Group's revenues. In the Italy region, revenues rose by 9% to € 22.47 m, which corresponds to a share in the Group revenues of 30%. In the Netherlands region, revenues increased by 18% to € 10.57 m. Thus, this segment contributed 14% to Group revenues. In Central East Europe, revenues increased slightly to € 3.20 m, which corresponds to a share in Group revenues of 4%.

Profitability ratios ¹⁾	2011/12	2010/11
	in %	in %
Gross profit to revenues	21.2	21.2
Selling expenses to revenues	9.8	9.2
Administrative costs to revenues	9.6	10.4
Operating EBITDA margin	3.6	4.4
Operating EBIT margin	1.0	1.5

1) adjusted for restructuring costs

The increase in Group revenues of 7% is contrasted with 7% higher production costs, resulting in a gross margin unchanged on the prior year of 21.2%. Intensified sales activities, particularly in the Network Performance Channel activities, resulted in an increase in selling expenses by 14%. A 12-month comparison shows a decline in administrative costs by around 1%. The operating EBITDA margin declined by 0.8 percentage points to 3.6%, the operating EBIT margin was 1% in the past fiscal year. Crucial for the reduction in these ratios was the other income from the collection of receivables written off that was included in the prior year result.

Operating EBITDA was € 2.74 m in the fiscal year 2011/12 (prior year: € 3.13 m) and operating EBIT was € 0.79 m (prior year: € 1.04 m). In addition, restructuring costs in the amount of € 0.68 m were incurred, resulting in an EBITDA of € 2.06 m and an EBIT of € 0.11 m. The restructuring costs related to the FINAS segment (front office solutions for financial service providers) in the Germany region. Following the positive development in this segment in the preceding fiscal year as a result of using short working time arrangements, management had to decide on the reduction of staff in the first quarter of this fiscal year. This measure had a sustained positive effect on the results of the subsequent quarters.

Operating EBITDA ¹⁾ by segments	2011/12	2010/11	Change
	in € million	in € million	in %
Germany	2.04	2.54	-20
Italy	1.57	1.15	+37
The Netherlands	0.42	0.92	-54
Central East Europe	0.21	0.21	-0
Holding and Other	-1.50	-1.69	+11
BRAIN FORCE Group	2.74	3.13	-13

Operating EBIT ¹⁾ by segments	2011/12	2010/11	Change
	in € million	in € million	in %
Germany	1.41	1.78	-21
Italy	0.90	0.44	>100
The Netherlands	-0.08	0.42	>100
Central East Europe	0.11	0.14	-17
Holding and Other	-1.55	-1.74	+11
BRAIN FORCE Group	0.79	1.04	-24

1) adjusted for restructuring costs

In Germany, operating EBITDA declined by 20% to € 2.04 m and operating EBIT from € 1.78 to 1.41 m. The decline is mainly due to the increase in selling expenses in the Network Performance Channel segment and the income included in the prior year result from the collection of receivables written off. Increases in earnings were generated particularly by the Professional Services segment at the Langen/Frankfurt location and – following the restructuring – the FINAS segment.

In the Italy segment, operating EBITDA at € 1.57 m was 37% above the prior year level. Operating EBIT increased from € 0.44 to 0.90 m year-on-year. With an increase in revenue of 9%, the operating EBITDA and EBIT margins could be improved significantly, which resulted in an increased utilization of staff.

In the Netherlands, operating results were below the prior year level despite an increase in revenues. Operating EBITDA declined from € 0.92 to 0.42 m, operating EBIT turned from € 0.42 to -0.08 m. After significant increases in revenues and earnings as of the second quarter of the prior year, the Company reported negative operating results in the second and third quarter of 2011/12. The reason was a below average utilization of the increase in staff resulting from the growth in revenues. After implementation of measures to increase the utilization, a positive result could be achieved already in the fourth quarter.

Gross profit to revenues at 21.2% unchanged on the prior year. Reduction in EBITDA and EBIT margin

Higher selling expenses in Germany reduce EBITDA and EBIT

Positive development in Italy

Below average utilization affects the result in the Netherlands

Results almost unchanged in Central East Europe

Central East Europe reported revenues and operating figures that were almost unchanged year-on-year. Operating EBITDA remained unchanged at € 0.21 m, operating EBIT declined slightly from € 0.14 to 0.11 m.

Statement of comprehensive income (condensed)	2011/12	2010/11	Change
	in € million	in € million	in %
Revenues	76.01	71.09	+7
Cost of sales	-59.92	-55.99	-7
Gross profit	16.09	15.10	+7
Selling expenses	-7.42	-6.51	-14
Administrative expenses	-7.31	-7.38	+1
Other operating expenses	-0.71	-0.79	+10
Other operating income	0.14	0.63	-78
Operating EBIT	0.79	1.04	-24
Restructuring costs	-0.68	0.00	-
Operating result after non-recurring items	0.11	1.04	-89
Financial result	-0.82	-0.79	-4
Result from associates	-1.49	-1.63	+8
Profit before tax	-2.21	-1.38	-60
Income taxes	0.07	0.01	>100
Profit after tax	-2.13	-1.37	-56
Other comprehensive income	-0.01	-0.02	+82
Comprehensive income	-2.14	-1.39	-53

Increase in financing costs due to the introduction of factoring

The financial result amounted to € -0.82 m (prior year: € -0.79 m). Financing and interest expenses (balance of interest received and paid) rose by € 0.09 to 0.88 m (prior year: € 0.79 m), which is due to the factoring introduced late last year in Germany, the Netherlands and Italy. This is contrasted with income from foreign currency translation of € 0.05 m (prior year: € -0.01 m). The interest cover (ratio of EBITDA to net interest) was 3.1x in 2011/12 (prior year: 4.0x).

SolveDirect focuses on the US market

Since the participation of the investor 3TS Cisco Growth Fund the BRAIN FORCE subsidiary SolveDirect Service Management GmbH (53.16% share as at September 30, 2012) has focused on the expansion of its IT Service Management business in the USA. At an increase in revenues of 2% to € 6.56 m, growth, particularly on the US market, was below expectations. EBITDA improved by around € 1.0 m year-on-year, but remained negative due to expansion costs.

The result from associates improved to € -1.49 m (prior year: € -1.63 m) and related to SolveDirect Service Management GmbH. Of this amount, € -0.34 m (prior year: € -0.99 m) was accounted for by the contribution to earnings of the fiscal year and € -1.15 m (prior year: € -0.64 m) to the dilutive effect from additional capital increases by the investor to finance the expansion.

The profit/loss before tax was € -2.21 m, after € -1.38 m in the comparative period of the prior year. The loss/profit after tax was € -2.13 m, as compared to € -1.37 m in the prior year.

Earnings per share (EPS pursuant to IFRS) amounted to € -0.14, compared to € -0.09 in the prior year. Adjusted for the restructuring costs incurred in the fiscal year 2011/12, earnings per share amounted to € -0.11.

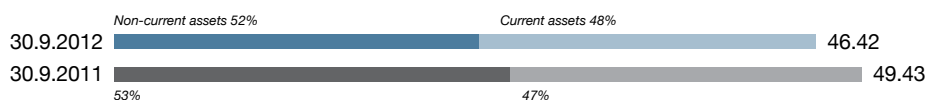
Reduction of balance sheet total by 6%

Financial position and financial performance

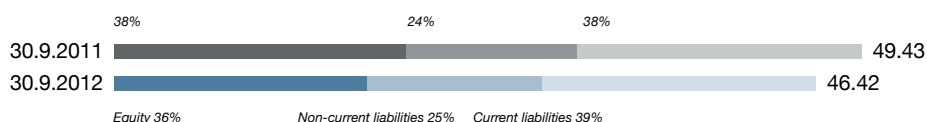
The balance sheet total declined 6% to € 46.42 m year-on-year. This reduction is due mainly to the decrease in shares from associates as well as the reduction in trade receivables. On the other hand, the equity reported in the balance sheet declined primarily as a result of the comprehensive loss and of trade payables.

Development of balance sheet structure in € m

Assets



Equity and liabilities



At the balance sheet date, the share of non-current assets in total assets amounts to € 24.12 m or 52% (prior year: 53%). Property, plant and equipment and other intangible assets declined by 8% to € 3.88 m. Investments in property, plant and equipment and other intangible assets amounted to € 1.63 m in the past fiscal year, € 1.14 m of which related to development costs. At the balance sheet date of September 30, 2012, recognized development costs totalled € 2.23 m (prior year: € 2.18 m) and thus amounted to 5% (prior year: 4%) of total assets.

Share of non-current assets in total assets amounts to 52%

Goodwill remained unchanged at € 11.00 m. Shares in associates declined € 1.49 to 7.40 m due to loss allocations and decreases in shares from dilution. € 7.39 m of that amount is attributable to the 53.16% share in SolveDirect Service Management GmbH, Vienna.

Goodwill unchanged at € 11.00 m

Balance sheet ratios		30.9.2012	30.9.2011
Equity	in € million	16.61	18.72
Equity ratio	in %	35.8	37.9
Net debt	in € million	5.98	5.82
Gearing	in %	36.0	31.1
Working Capital	in € million	0.41	1.34
Working Capital to revenues	in %	0.5	1.9
Net debt / operating EBITDA		2.2	1.9
Operating EBITDA / net interest		3.1	4.0
FFO / net debt ¹⁾	in %	32.8	51.3

1) FFO = Funds from Operations = Gross cash flow

At € 22.30 m, current assets were € 1.06 m below the prior year level and amount to 48% (prior year: 47%) of total assets. As at the balance sheet date, trade receivables declined by around 9% to € 13.92 m year-on-year (prior year: € 15.36 m) and account for 30% of total assets. The group companies BRAIN FORCE Software GmbH, Munich, Germany, BRAIN FORCE B.V., Veenendaal, Netherlands, and BRAIN FORCE S.p.A., Milan, Italy, have entered into factoring agreements with banks on the purchase of customer receivables defined in the contracts. At the balance sheet date of September 30, 2012, purchased customer receivables amounted to € 4.13 m (prior year: € 2.86 m), which resulted in the derecognition of trade receivables in the corresponding amount. At the same time, the blocked amounts (certain percentage of purchased receivables) stipulated in the contract increased the item "other receivables and assets" by € 0.64 m (prior year: € 0.49 m).

Reduction of trade receivables by 9% due to factoring

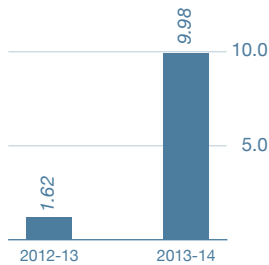
At the balance sheet date of September 30, 2012, cash and cash equivalents, including cash in hand and bank balances, amounted to € 5.62 m and thus declined by € 0.19 m year-on-year. This decline is due primarily to payments in connection with restructuring costs incurred in the amount of € 0.68 m.

Cash and cash equivalents of € 5.62 m at the balance sheet date 30.9.2012

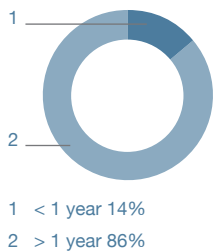
As at September 30, 2012, the Group's equity, including non-controlling interests, amounted to € 16.61 m, which corresponds to an equity ratio of 36% (prior year: 38%). This decline is due to the comprehensive loss, which results from restructuring costs and the share in losses from associates.

Equity ratio of 36% at the balance sheet date 30.9.2012

Term structure of financial liabilities



Maturity of financial liabilities



Reduction in trade payables by 5%

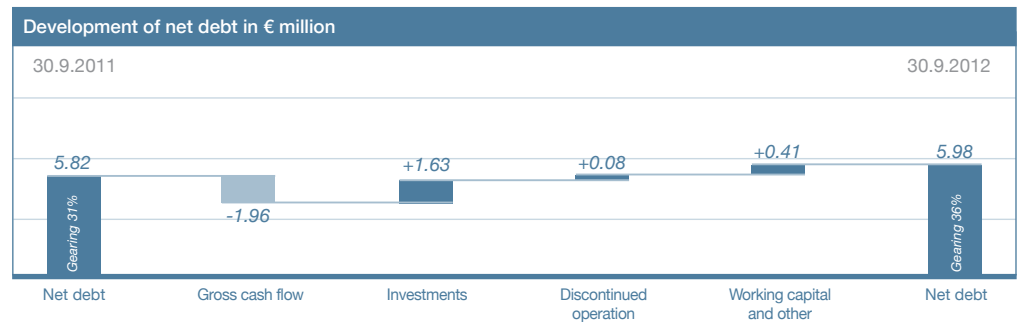
Positive operating cash flow of € 1.55 m

Investments in property, plant and equipment and intangible assets amounted to € 1.63 m

Interest-bearing liabilities (financial liabilities) declined by € 0.03 to 11.60 m. € 9.98 m (prior year: € 9.97 m) of the financial liabilities relates to a long-term bonded loan, 100% of which bears fixed interest. An analysis of the maturity structure shows that € 9.98 m of financial liabilities matures in 2014. The remaining € 1.62 m (current financial liabilities) relates to utilized bank overdraft facilities.

Calculation of net debt	30.9.2012	30.9.2011	Change
	in € million	in € million	in %
Non-current financial liabilities	9.98	9.97	0
Current financial liabilities	1.62	1.66	-2
- Cash and cash equivalents	-5.62	-5.81	-3
Net debt	5.98	5.82	+3

As at September 30, 2011, net debt amounted to € 5.98 m, which is 3% above the prior year's figure of € 5.82 m. Despite a decline in earnings, due particularly to the restructuring costs incurred, net debt increased only slightly. The ratio of net debt to operating EBITDA amounted to a sound 2.2x, as compared to 1.9x in the year before. Gearing (equity to net debt) increased from 31.1% to 36.0%.



Trade payables decreased by 5% to € 8.24 m (prior year: € 8.64 m) and account for 18% of the balance sheet total. Other current liabilities increased by 6% to € 8.03 m (prior year: € 7.57 m) and mainly include social security payables and tax liabilities, accruals for maintenance contracts and liabilities to employees.

Cash flow

In the past fiscal year, funds from operations amounted to € +1.95 m, which was € 1.04 m below the figure for the fiscal year 2010/11 of € +2.99 m. At € +1.55 m, the cash flow from operating activities (operating cash flow) was also below the prior year figure of € +5.04 m. This reduction mainly results from the decline in the operating result, due particularly to the restructuring costs of € 0.68 m, as well as the impact realized in the prior year from working capital measures. Even though working capital improved further in the past fiscal year, the impact was significantly below the positive effects of the prior year.

The cash flow from investing activities shows a cash outflow of € 1.60 m (prior year: € 1.50 m). Capital expenditure on property, plant and equipment and intangible assets amounted to € 1.63 m, up 8% on the prior year figure of € 1.51 m. This rise was due in particular to the increase in capitalized development costs from € 0.96 to 1.14 m. The free cash flow (cash inflow from operating activities less cash flow from investing activities plus payments for acquisitions of companies) at € -0.05 m was almost flat after having been clearly positive in the prior year due to the operating cash flow of € +5.04 m.

The cash flow from financing activities of € -0.03 m shows a reduction in financial liabilities. At September 30, 2012, the BRAIN FORCE Group has cash and cash equivalents of € 5.62 m (prior year: € 5.81 m).

Cash Flow Statement	2011/12	2010/11	Change
	in € million	in € million	in %
Cash flow from operating activities	1.55	5.04	-69
Investments in property, plant and equipment and intangibles	-1.63	-1.51	-7
Divestments and other	0.03	0.01	>100
Cash flow from investing activities	-1.60	-1.50	-7
Free cash flow	-0.05	3.54	>100

Research and Development

The optimal combination of software and services for the benefit of our customers is key to the sustainable success of BRAIN FORCE. For that purpose, our focus is on adapting our services offered in the Process Optimization and Infrastructure Optimization segments to meet customers' needs. In the past fiscal year, € 1.14 m was invested in the development of new internally generated software products.

In **Germany**, new and further developments of calculation engine components were realized in the FINAS segment, partly in close cooperation with a major financial services group. As a result of this and of a systematic breakdown of existing calculation engines into individual functional elements, the service range of BRAIN FORCE in the segment of directly usable logistics modules was again significantly optimized. In addition, the development of the new smart FINAS version for consulting and analytical systems of the FINAS Suite could be completed for the SWING platform, and the release for the HTML platform will be effected in the fiscal year 2012/13. This significant development milestone ensures the distinctive competitiveness in the market segment of financial service providers through the considerably simplified user and interface design. Within the further expansion of the component group sales support tools, the new development of the BU Check application was successfully implemented. In doing so, BRAIN FORCE follows a clear market trend to focus on the occupational disability issue. Moreover, the BU Check system was realized at the same time as the first productive APP. This first release marks the beginning of a continuous expansion strategy with regard to APPs offered in the FINAS segment.

Netherlands: The Infrastructure Framework supports the latest versions of Citrix XenApp, Microsoft System Center Configuration Manager 2012 and Microsoft Remote Desktop. The Packaging Robot software now supports the packaging of App-V packages. This is why the tool is perfectly suitable for Application Lifecycle Projects with customers who use the latest technologies for application virtualization as well as MSI packaging. The product Workspace Manager was further optimized for application in virtual desktop infrastructures.

SolveDirect focused on the planned development of the product SolveDirect ServiceGrid in 2012. The main purpose of SolveDirect Service Grid and Service Grid Core is to provide a central service that enables the service partners (vendors, managed service suppliers, end users) to integrate their service processes at reasonable effort and cost. This central service is to be provided at geographically dispersed locations (data centers) in order to meet country-specific legal requirements regarding data security and privacy. ServiceGrid Core was delivered in December 2011 and successfully implemented with the first customers. In October, a patent application as US patent was filed and accepted as application by the US Patent Office (patent pending). In order to provide this (logically) central service on (physically) distributed platforms, a ServiceGrid Control Center was designed and implemented, which is able to manage a (potentially infinite) number of platforms and to coordinate the connection between partners on various platforms. In March 2012, a central change and release management application (Cloud Control Center) was started as a first step. Currently, 10 SolveDirect platforms are operated centrally in Europe and the USA.

Optimal combination of software and services for high customer value

Comprehensive innovations in the FINAS segment

Infrastructure Framework updated, Workspace Manager optimized for virtual desktop infrastructures

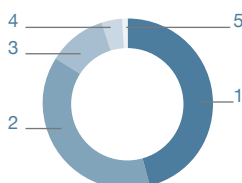
Focus on the development of the SolveDirect product Service Grid

Human Resources

Employees are the capital of BRAIN FORCE

756 persons working for BRAIN FORCE at the balance sheet date

Employees by segments



- 1 Germany 46%
- 2 Italy 38%
- 3 The Netherlands 11%
- 4 Central East Europe 4%
- 5 Holding and Other 1%

Employees are the capital of BRAIN FORCE and key to its success. Based on their knowledge and commitment, the Company can develop and achieve its goals.

In a year-on-year comparison, the Group's headcount decreased slightly. As at September 30, 2012, the headcount included 518 salaried employees. In addition, the Group employed 238 freelancers in various customer projects. In total, 756 persons worked for BRAIN FORCE as at the balance sheet date, a 4% decrease over September 30, 2011.

In our largest market, Germany, the headcount declined by 6%, due primarily to the staff-related measures implemented in the FINAS segment. In the Italy region, the number of staff remained practically unchanged at an increase of 1%. The Netherlands, after a significant increase in the in the prior year, saw a decrease of 12% in the fiscal year 2011/12.

The headcount in the Central East Europe region was 6% above the prior-year level. In the Holding and Other segment, staff was reduced by three persons.

The breakdown of personnel (salaried and freelance) by region was as follows as at September 30, 2012:

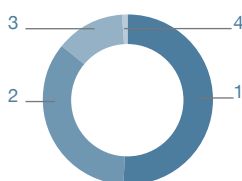
- ▶ Germany: 349 (9/30/2011: 369 / Change: -6%)
- ▶ Italy: 288 (9/30/2011: 287 / Change: +1%)
- ▶ The Netherlands: 84 (9/30/2011: 95 / Change: -12%)
- ▶ Central East Europe: 31 (9/30/2011: 29 / Change: +6%)
- ▶ Holding and Other: 4 (9/30/2011: 7 / Change: -41%)

In the fiscal year 2011/12, the BRAIN FORCE employed an average of 518 (2010/11: 505) salaried employees and 234 (2010/11: 228) freelancers. The total average number of employees amounted to 752, and thus was 3% up on the prior year.

Ongoing specialized training, further education and professional development of our employees – from IT consultants to administrative and sales staff – is essential in order to effectively deal with the continuous changes and innovations in the fast-paced IT sector. Employees in the Netherlands take part in regular training programs focusing on the latest developments of Microsoft, VMWare and Citrix. As a result, they boast a technological edge and are among the first people to be contacted, for example when new technologies are implemented in the field of desktop virtualization. Employees in Italy are trained and certified in the latest technologies of Microsoft Dynamics, Oracle, Symantec and Cisco. In Germany, employees take advantage of the opportunity to exchange ideas and expertise on an ongoing basis within the context of departmental meetings and employee events.

Order Situation

Order intake by regions



- 1 Germany 51%
- 2 Italy 35%
- 3 The Netherlands 13%
- 4 Central East Europe 1%

As at September 30, 2012, orders on hand amounted to € 17.57 m at the Group level, up 10% or € 1.67 m on the prior-year figure of €15.90 m. In particular the Italy (+46%) and Netherlands (+24%) regions experienced significant growth, which also shows in the year-on-year increase in revenue. In Germany, orders on hand decreased by 6%, due primarily to the scheduled completion of a long-term customer contract. The Central East Europe region experienced a decline of 39%.

As at September 30, 2012, the breakdown of orders on hand by region was as follows:

- ▶ Germany has orders on hand worth € 8.96 m (30.9.2011: € 9.51 m)
- ▶ Italy has orders on hand worth € 6.13 m (30.9.2011: € 4.20 m)
- ▶ The Netherlands has orders on hand worth € 2.24 m (30.9.2011: € 1.80 m)
- ▶ Central East Europe has orders on hand worth € 0.24 m (30.9.2011: € 0.39 m)

Outlook and Targets

BRAIN FORCE HOLDING AG had set the targets of achieving further revenue growth and a positive operating result for the fiscal year 2011/12. These targets were achieved with an increase in revenue of 7% and an operating EBIT in the amount of € 0.79 m. Thus it showed that the group companies in Germany, Italy and the Netherlands were able to counter the (predicted) economic decline (Italy, Netherlands) with revenue growth rates of between 4% and 18%. After the negative operating result in the first quarter (October until December 2011), the profitability improved significantly in the subsequent three quarters. The operating results rose steadily, resulting in a positive operating result after restructuring costs of € 0.11 m.

The target of revenue growth was achieved

However, the development of the investment in SolveDirect Service Management GmbH, which is accounted for at equity in the consolidated financial statements, was not satisfactory. Although the pro rata negative earnings contributions could be reduced from € -1.00 m in the prior year to € -0.34 m, the capital increases effected by 3TS Cisco Growth Fund in accordance with the investment contract resulted in further dilutions of € -1.15 m. This led to a negative result from associates of € -1.49 m and – taking into account the financial result – a loss before tax of € -2.21 m.

Development of SolveDirect below expectations

The forecasts of the European Commission do not give rise to expectations of a noticeable recovery of the economy for 2013. The BRAIN FORCE Group continues to expect a successful implementation of the market development and – contrary to those forecasts – an operating growth (revenue, operating result) for the fiscal year 2012/13 that is above the European average. The comprehensive income/loss of BRAIN FORCE will heavily depend on the further improvement in the operating results of SolveDirect Service Management GmbH – particularly with regard to the US expansion – as well as the planned strategy implementation.

Revenue growth and positive operating result as targets for 2012/13

Risk Management

The BRAIN FORCE Group is subject to various risks within the context of its international business operations. For the BRAIN FORCE Group, an effective risk management represents a crucial factor in ensuring long-term corporate success and in creating shareholder value. Accordingly, risk is not only the negative deviation from corporate goals, but also the failure to realize potential profits. BRAIN FORCE has implemented centrally managed group-wide risk management processes. Under these processes, the risks in the Group are regularly and systematically identified, assessed as to their probability of occurrence and potential damage, and suitable countermeasures are taken to manage risk. BRAIN FORCE focuses its efforts on the top 10 risks facing the Group. The annual risk assessment is updated within the context of the budgeting process.

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

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

Local responsibility, but central risk management

The planning and controlling processes, group-wide guidelines, ongoing reporting and the quarterly forecasting constitute the key instruments of risk monitoring and control. Reporting plays a particularly important role in the monitoring and control of current business risks. In the course of the annual audit 2009/10, the auditor of the consolidated financial statements also evaluated the proper functioning of risk management processes in the Group and presented his conclusions to the Management and Supervisory Boards. After the proper functioning of the risk management system in the Group had been confirmed and in view of the Company's size, as auditor of the consolidated financial statements we did not make such an assessment since the annual audit 2010/11.

Reporting is key to risk monitoring

In order to prevent and control risks, the local entities only take operational risks and always analyze them in relation to potential profits. In particular, it is prohibited to engage in any speculative activities above and beyond the scope of normal business operations. Risks that go beyond the scope of everyday business, such as financial risks, are also monitored by the holding company, and hedged if necessary.

Only operational risks are taken

Currently no individual risks identified that threaten the Company's going concern

From today's perspective, the Group does not face any individual risks with significant probability of occurrence threatening its going concern. The assessment of all top 10 risks together accounts for less than 22% of total equity. The relevant risks and defined countermeasures are described below.

Maximization of free cash flow based on cost reductions

Financial risks

The primary financial risks are insufficient liquidity and financing. Ensuring sufficient liquidity is a top priority for BRAIN FORCE, as for every other company, especially in periods of tense financial markets. BRAIN FORCE counters this risk by maximizing the free cash flow on the basis of cost reductions, active working capital management and a minimization of investment expenditures. For that purpose, cost structures were adjusted in the previous years to reflect the decline in revenues, the "order to cash" and "purchase to pay" processes were optimized and the level of own work capitalized was reduced. In addition to these measures, BRAIN FORCE took out a credit insurance for selected customers in Germany and Austria in order to account for the default risk of receivables and to create a basis for factoring.

Ongoing financial planning to monitor liquidity risk

The **liquidity risk** is monitored by ongoing financial planning at the level of local management, and also by the group holding company. The liquidity management of the large operating companies in Germany, Italy, the Netherlands and Austria is supported by the holding company.

Equity ratio of 36% as at balance sheet date

The financing of the BRAIN FORCE Group is based on a solid balance sheet structure and an equity ratio of 36% as at September 30, 2012. At the balance sheet date, cash and cash equivalents amount to € 5.62 m, the credit lines available in the Group total € 5.15 m, € 1.62 of which has been used. Maintaining adequate credit line, especially in times of credit rationing by banks, is of utmost importance to the Company.

Credit agreements contain covenant and rating criteria

The refinancing options of BRAIN FORCE are impacted by numerous financial, economic and other influencing factors that are in part beyond the control of the Management Board of BRAIN FORCE HOLDING AG. Other influencing factors include credit conditions (covenants) in current and future credit agreements as well as certain credit ratings.

Fulfillment of all covenant and rating criteria

In 2007, BRAIN FORCE took out a long-term bullet loan amounting to € 10 m, maturing on March 20, 2014. To this end, the consolidated financial statements are measured annually in accordance with Moody's KMV RiskCalc. According to this system, a deterioration of the rating by more than three notches within one year entitles the creditor to terminate the agreement, provided this termination is appropriate in the light of overall economic conditions. Furthermore, a deterioration of the credit rating below Ba3 also entitles the creditor to terminate the agreement. The working capital line made available by Erste Bank provides for an equity ratio of over 30%. The stipulated covenants are being continually monitored by BRAIN FORCE and simulated on the basis of all strategic considerations. Non-compliance with covenants could lead to an increased interest expense due to higher risk premiums or the mandatory early repayment of outstanding loans.

Goodwill confirmed

A write-down of consolidated goodwill was not necessary in the fiscal year 2011/12.

Foreign exchange risk relevant only in Network Performance Channel activities

The BRAIN FORCE Group is mainly exposed to foreign exchange risks as part of its operating activities only in the subsidiaries Network Performance Channel GmbH, Germany, and Network Performance Channel GmbH, Austria, with regard to the development of the EUR/USD exchange rate. This is due to the fact that the companies purchase products in US dollars and resell them in Europe, the Middle East, North Africa and India. The purchase volume was USD 6.18 million in the fiscal year 2011/12. Part of the revenue of the companies is invoiced also in US dollars. In the fiscal year 2011/12 the EUR/USD exchange rate risk was hedged by Network Performance Channel GmbH, Germany. The foreign currency positions were hedged using forward exchange contracts. Due to the increase in revenue invoiced in US dollars it is to be assumed that the foreign exchange risks with regard to the development of the EUR/USD exchange rate will be of minor significance to the BRAIN FORCE Group in the future.

The **interest rate risk** is the risk related to changes in the value of financial instruments as a consequence of a change in the market interest rates. At the balance sheet date, 86% of the financial liabilities of the BRAIN FORCE Group totalling € 11.6 m carry fixed interest rates and 14% carry variable interest rates. Cash and cash equivalents are not invested, but held as bank balances in order to provide for sufficient liquidity.

86% of financial liabilities carry fixed interest rates

The **credit risk** covers the risk of default in particular, hence the risk that one party fails to meet its obligations and that a default occurs. Despite a broad customer base in the Group, the operating subsidiaries of the BRAIN FORCE Group in part display a significant level of dependence on large individual customers. Within the framework of risk management activities, the creditworthiness of customers is constantly monitored by the local entities. In order to be able to minimize the potential default on trade receivables, the BRAIN FORCE Group is working to further expand its customer base and thus reduce its dependency on any individual customers. In addition, credit insurance for selected customers in Germany and Austria was taken out to reduce the default risk. The write-offs of receivables and allowances for doubtful accounts recognized in the fiscal year 2011/12 amount to approx. 1.3% of total receivables as at September 30, 2012.

Credit insurance reduces default risks

The objectives of the Group with regard to **capital risk management** include securing the Company's ability to continue as a going concern in order to continue to provide dividends to the shareholders and services to all other stakeholders to which they are entitled, as well as maintaining an optimal capital structure in terms of cost. BRAIN FORCE is not subject to any capital requirements in accordance with its articles of association. The equity ratio amounts to 36% at the balance sheet date (prior year: 38%).

Maintaining an optimal capital structure in terms of cost

Market and competitive risk

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

Focus on core competencies and profitable segments

Highly qualified specialists and executives are an important success factor in the IT industry. Attractive, performance-based remuneration schemes and professional development programs and trainings are offered to attract and retain top-notch employees.

Employee retention through trainings and performance based remuneration

Legal risks

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

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

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

Decisions are made based on internal and external consultations

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

The responsibility for the design and implementation of an accounting-based internal control and risk management system and for assuring compliance with legal requirements rests with the Management Board. The BRAIN FORCE Group's accounting department forms part of BRAIN FORCE HOLDING AG.

Responsibility for internal control and risk management system rests with the Management Board

The department is comprised of the organizational units Accountancy & Group Consolidation, which is responsible for reporting to outside parties, and Financial Controlling, which handles reporting within the Group. Both units report directly to the Chief Financial Officer.

Accounting manual regulates main reporting requirements in accordance with IFRS

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

Compliance with guidelines is monitored regularly

Due to the type of business conducted by the Group, the guidelines relating to revenue recognition and notes on project billings are of utmost importance. These processes are largely carried out automatically in all BRAIN FORCE companies. Regular impairment testing of goodwill and groups of assets that are attributable to individual business segments is performed at the Group level. Compliance with the relevant guidelines is assured through regular reviews carried out at management meetings and, whenever necessary, by directly involving the competent central unit.

Largely automated transfer of data for consolidation

The entering, recording and accounting of all group transactions is handled by a variety of software solutions. In a number of countries, due to the size of the subsidiaries the accounting has been outsourced to local tax accountants. Companies submit reporting packages on a quarterly basis containing all accounting data pertaining to the income statement, balance sheet and cash flow statement. These data are then entered into the central consolidation or reporting system. In cases in which group companies use the same system as their corporate parent, the transfer of data occurs automatically, only in local entities using other systems the entries are made using standardized forms. This financial information is verified on the group-wide basis by the competent Accountancy & Group Consolidation unit and forms the basis of the reports pursuant to IFRS issued on a quarterly and annual basis by the BRAIN FORCE Group.

No internal audit department

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

Ongoing reporting system with quarterly updated forecast

A standard planning and reporting system is used for the internal management reporting. Depending on the system, the actual data is transferred from the primary systems using automatic interfaces, in some instances the data is transferred using standardized forms. A standardized process is employed to enter the figures for forecasts. Reports are structured according to region, to the particular subsidiary and to the Process Optimization, Infrastructure Optimization and Professional Services segments. In addition to reporting on the development of operating results for the preceding month, the forecast for the entire year 2011/12 is updated at the end of each quarter. These reports also include summaries of the most important events and deviations from the budgeted figures, as well as of the prior year period and, if required, an updated assessment of individual risks.

Regular and comprehensive information of the supervisory board is ensured

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

Disclosure in accordance with Section 243a (1) UGB

1. The share capital amounts to €15,386,742. It is divided into 15,386,742 no par value bearer shares. The share capital was paid in full.
2. The Management Board is not aware of any restrictions in respect to voting rights or the transfer of shares.
3. As far as the Company is aware, the following had a direct or indirect stake of at least 10% in the share capital of BRAIN FORCE HOLDING AG as at September 30, 2012:
CROSS Informatik GmbH: 55.73%
Erster Privater Investmentclub Börsebius Zentral (GbR): 16.97%
4. No shares with special control rights have been issued.
5. No employee participation scheme has been set up within the BRAIN FORCE Group.
6. Above and beyond legally binding requirements, there are no additional provisions valid within the BRAIN FORCE Group with respect to the members of the Management and Supervisory Boards.
7. Authorizations to issue or repurchase shares:
 - a) By resolution of the Annual General Meeting on March 2, 2011, the Management Board pursuant to Section 65 (1) No. 4 and 8 AktG (Austrian Stock Corporation Act) was authorized to acquire treasury stock, with the percentage of shares to be acquired limited to 10% of share capital, the authorization valid for a period of 30 months as of the resolution date, and the consideration (acquisition price) of each no-par value share to be acquired not exceeding or falling short of the average price of the preceding five trading days by more than 20%. The authorization may be executed in full or in several partial amounts and pursuing one or several purposes by the Company, its group entities or by third parties on its account. The acquisition of treasury shares may be made over the stock exchange or outside of it.
Furthermore, it was decided to authorize the Management Board for a period of five years as of the resolution date, subject to the approval of the Supervisory Board, to sell treasury stock in a way other than via the stock exchange or through a public offering, excluding the subscription rights of existing shareholders, and to determine the conditions of sale, whereby the subscription rights of existing shareholders can only be excluded if these shares are issued as consideration in the acquisition of companies, businesses, business units or shares in one or several companies in Austria or abroad or to service stock options granted to staff, executive employees and members of the Management Board. This authorization may be executed once or several times, in full or in parts, individually or jointly, and is valid for the maximum statutory period. In addition, the Management Board was authorized to cancel treasury stock without further approval from the General Meeting.
 - b) By resolution of the Annual General Meeting of March 2, 2011, the Management Board, subject to the approval of the Supervisory Board, was authorized in accordance with Section 169 AktG to increase the share capital until March 1, 2016 by an additional € 7,693,371 through the issue of up to 7,693,371 new bearer or registered common shares (no-par value shares) for a cash or non-cash consideration, possibly in several tranches, and to determine the issue price, the terms of the issue and further details of the execution of the capital increase in consultation with the Supervisory Board (authorized capital 2011).
Furthermore, the Management Board, with the approval of the Supervisory Board, was authorized to exclude the shareholders' subscription rights if – the capital increase is made for a non-cash consideration, i.e. if shares are issued to acquire companies, businesses, business units or shares in one or several companies in Austria or abroad, or – the capital is increased to service stock options granted to staff, executive employees and members to the Management Board, or – to exclude peak amounts from shareholders' subscription rights, or – to service a greenshoe granted to the issuing banks.
 - c) By resolution of the General Meeting of March 2, 2011, the Management Board, subject to the approval of the Supervisory Board, was authorized to within three years as of the date of this resolution issue financial instruments as defined in Section 174 AktG, in particular convertible bonds, participating bonds, participation rights with a total nominal value of up to € 15,000,000, which may also grant the subscription and/or conversion right to acquire up to a total of

7,693,371 shares of the Company and/or are such in nature that they can be recognized as equity, possibly in several tranches and in various combination, even indirectly by way of guarantee for the issue of financial instruments by an affiliated company of BRAIN FORCE with conversion rights to shares of the Company. To service these rights, the Management Board may use the conditional capital or treasury stock. Issue price and terms of issue, as well as any exclusion of shareholders' subscription rights to the issued financial instruments shall be determined by the Management Board with approval of the Supervisory Board.

- d) At the General Meeting on March 2, 2011, the following resolutions were passed: The conditional increase in the Company's share capital in accordance with Section 159 (2) No. 1 AktG by up to € 7,693,371 by issuing up to 7,693,371 new bearer shares without par value (no-par value shares) to be allocated to creditors of financial instruments as specified by the resolution of the General Meeting of March 2, 2011, if the creditors of financial instruments use their subscription and/or conversion right to acquire shares of the Company. The issue price and the conversion ratio shall be determined in accordance with accepted simplified actuarial methods and the price of the Company's shares in an accepted pricing procedure. The newly issued shares of the conditional capital increase carry the right to dividends equivalent to the shares traded on the stock exchange at the time of the issue. The Management Board, subject to the approval of the Supervisory Board, is authorized to determine the further details of the execution of the conditional capital increase.
- In addition, the resolution was passed to amend the Articles of Association to include the new provision "Section 5a Conditional Capital".
8. With the exception of the information provided in the disclosures in item 9, any agreements on the part of the Company which would take effect, change or cease to apply in the case of a change in the controlling interest in the Company as a result of a public takeover offer will not be disclosed due to the fact that it would considerably harm the Company.
9. If the ownership structure changes to such an extent that a third party that is not to be qualified as a group company within the meaning of Section 15 AktG acquires a directly or indirectly controlling interest pursuant to Section 22 ff. UebG, the Management Board member Hannes Griesser is entitled to resign with immediate effect from the Management Board within two months from notifying the Takeover Commission of the acquisition of control. In this case, the Company is required to pay the compensation claims of the Management Board member to which he is entitled until the contractually stipulated end of his employment contract in the form of a one-off payment as severance payment within a period of four weeks after the resignation of the Management Board member. In the case of a "change of control", it was contractually agreed with the Management Board member Michael Hofer that CROSS Informatik GmbH (until September 30, 2012) or HOFER Management GmbH (since October 1, 2012) has the right to unilaterally terminate the transfer agreement concluded with BRAIN FORCE HOLDING AG and joined by Mr. Michael Hofer, while respecting all entitlements. This privileged termination right must be exercised no later than the date the transaction is formally closed (and legally takes effect) with respect to the acquisition of a stake in the Company which was the underlying reason for the change of control. A change of control is considered to have taken place when CROSS Industries AG no longer has the majority of the voting rights in BRAIN FORCE HOLDING AG a) directly or b) indirectly via a subsidiary which has at least a 50% shareholding in BRAIN FORCE HOLDING AG.

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Income Statement in EUR	Note	1.10.2011 - 30.9.2012	1.10.2010 - 30.9.2011
Revenues	1	76,007,330	71,086,916
Cost of sales	2	-59,916,230	-55,989,017
Gross profit		16,091,100	15,097,899
Selling expenses	2	-7,424,053	-6,514,172
Administrative expenses	2	-7,307,801	-7,381,622
Other operating expenses	2	-709,791	-790,771
Other operating income	3	139,450	628,735
Operating profit/loss before non-recurring items (Operating EBIT)		788,905	1,040,069
Restructuring costs	2	-677,207	0
Operating profit/loss after non-recurring items (EBIT)		111,698	1,040,069
Financial income	6	57,319	1,290
Financial expenses	6	-881,908	-791,638
Financial result	6	-824,589	-790,348
Result from associates	16	-1,493,888	-1,631,858
Profit/loss before tax		-2,206,779	-1,382,137
Income taxes	7	74,239	13,515
Loss/profit after tax		-2,132,540	-1,368,622
thereof owners of the parent		-2,121,924	-1,368,622
thereof non-controlling interests		-10,616	0
Earnings per share - basic and diluted	35	-0.14	-0.09
Earnings per share adjusted 1)		-0.11	-0.09

Statement of Comprehensive Income in EUR	1.10.2011 - 30.9.2012	1.10.2010 - 30.9.2011
Loss / profit after tax	-2,132,540	-1,368,622
Changes in fair values of available-for-sale financial assets	960	-3,940
Currency translation differences	-5,088	-19,498
Other result	-4,128	-23,438
Comprehensive income/loss	-2,136,668	-1,392,060
thereof owners of the parent	-2,126,052	-1,392,060
thereof non-controlling interests	-10,616	0

Key ratios by segment 2011/12 in EUR	Germany	Italy	The Netherlands	Central East Europe	Holding and Others	Group
Revenues (consolidated)	39,765,826	22,472,081	10,571,339	3,198,084	0	76,007,330
EBITDA	1,359,067	1,573,370	419,440	207,036	-1,498,188	2,060,725
Operating EBITDA ¹⁾	2,036,274	1,573,370	419,440	207,036	-1,498,188	2,737,932
Depreciation and amortization	-630,421	-673,001	-500,261	-93,713	-51,631	-1,949,027
Operating EBIT ¹⁾	1,405,853	900,369	-80,821	113,323	-1,549,819	788,905
Restructuring costs	-677,207	0	0	0	0	-677,207
EBIT	728,646	900,369	-80,821	113,323	-1,549,819	111,698

Key ratios by segment 2010/11 in EUR	Germany	Italy	The Netherlands	Central East Europe	Holding and Others	Group
Revenues (consolidated)	38,243,645	20,705,727	8,949,070	3,188,474	0	71,086,916
EBITDA	2,541,309	1,146,513	919,378	212,195	-1,686,337	3,133,058
Operating EBITDA ¹⁾	2,541,309	1,146,513	919,378	212,195	-1,686,337	3,133,058
Depreciation and amortization	-758,591	-704,875	-495,881	-75,179	-58,463	-2,092,989
Operating EBIT ¹⁾	1,782,718	441,638	423,497	137,016	-1,744,800	1,040,069
Restructuring costs	0	0	0	0	0	0
EBIT	1,782,718	441,638	423,497	137,016	-1,744,800	1,040,069

1) Adjusted for restructuring costs

Cash Flow Statement in EUR	Note	1.10.2011 - 30.9.2012	1.10.2010 - 30.9.2011
Profit / loss before tax		-2,206,779	-1,382,137
Depreciation and amortization		1,949,027	2,092,989
Financial result		824,589	790,348
Result from associates		1,493,888	1,631,858
Gains / losses from the disposal of property, plant and equipment and intangible assets		3,619	10,652
Changes in non-current provisions and liabilities		-110,012	-156,236
Gross cash flow of continuing operations		1,954,332	2,987,474
Changes in inventories		-70,192	-100,321
Changes in trade receivables		1,434,470	2,193,514
Changes in trade payables		-404,894	1,051,371
Changes in other current assets and liabilities		-167,208	249,232
Currency translation differences		9,450	-19,250
Net interest paid		-739,728	-714,650
Income taxes paid		-466,262	-607,253
Cash flow from operating activities of continuing operations	9	1,549,968	5,040,117
Payments from the disposal of affiliated companies		-9,334	0
Investments in property, plant and equipment and other intangible assets		-1,625,474	-1,512,285
Sale of property, plant and equipment and other intangible assets		17,404	10,379
Payments from the sale of financial assets		14,281	0
Cash flow from investing activities of continuing operations	10	-1,603,123	-1,501,906
Increase in financial liabilities		497,931	10,716
Repayment of financial liabilities and bank overdrafts		-527,236	-1,533,676
Dividends paid		0	0
Capital increase		0	0
Purchase of treasury shares		0	0
Cash flow from financing activities of continuing operations	11	-29,305	-1,522,960
Change in cash and cash equivalents from continuing operations		-82,460	2,015,251
Change in cash and cash equivalents from discontinued operation	32	-106,670	-324,212
Cash and cash equivalents at the beginning of the period		5,806,602	4,115,563
Change in cash and cash equivalents		-189,130	1,691,039
Cash and cash equivalents at the end of the period	12, 22	5,617,472	5,806,602

Balance Sheet in EUR	Note	30.9.2012	30.9.2011
ASSETS			
Property, plant and equipment	13	1,266,011	1,593,534
Goodwill	14	11,001,151	11,001,151
Other intangible assets	15	2,608,991	2,626,407
Investments in associates	16	7,403,002	8,896,890
Financial assets	17	34,129	45,351
Other receivables and assets	21	87,223	91,229
Deferred tax assets	18	1,721,279	1,813,823
Non-current assets		24,121,786	26,068,385
Inventories	19	374,721	304,529
Trade receivables	20	13,923,229	15,357,699
Other receivables and assets	21	2,385,615	1,892,131
Cash and cash equivalents	22	5,617,472	5,806,602
Current assets		22,301,037	23,360,961
Total assets		46,422,823	49,429,346
EQUITY AND LIABILITIES			
Share capital	23	15,386,742	15,386,742
Reserves	23	7,355,483	9,599,679
Retained earnings		-6,150,772	-6,268,916
Owners of the parent		16,591,453	18,717,505
Non-controlling interests		15,384	0
Equity		16,606,837	18,717,505
Financial liabilities	25	9,984,257	9,973,541
Other liabilities	27	238,289	151,150
Provisions for post-employment benefits	24	1,317,577	1,440,583
Deferred tax liabilities	18	64,918	136,736
Non-current liabilities		11,605,041	11,702,010
Financial liabilities	25	1,616,979	1,657,000
Trade payables	26	8,238,708	8,643,602
Other liabilities	27	8,031,011	7,574,840
Tax provisions	28	280,643	872,755
Other provisions	29	43,604	261,634
Current liabilities		18,210,945	19,009,831
Total equity and liabilities		46,422,823	49,429,346

Changes in equity in EUR	Note	Owners of the parent				Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Retained earnings		
Balance 1.10.2010		15,386,742	11,033,310	-287,239	-6,023,248	0	20,109,565
Transfer of reserves		0	-1,122,954	0	1,122,954	0	0
Comprehensive income		0	0	-23,438	-1,368,622	0	-1,392,060
Balance 30.9.2011	23	15,386,742	9,910,356	-310,677	-6,268,916	0	18,717,505
Transfer of reserves		0	-2,240,068	0	2,240,068	0	0
Change in non-controlling interests		0	0	0	0	26,000	26,000
Comprehensive income		0	0	-4,128	-2,121,924	-10,616	-2,136,668
Balance 30.9.2012	23	15,386,742	7,670,288	-314,805	-6,150,772	15,384	16,606,837

Notes to the consolidated financial statements for the fiscal year from October 1, 2011 to September 30, 2012

The Company

BRAIN FORCE HOLDING AG, Vienna, is a leading IT company with subsidiaries in Austria, Germany, Switzerland, Italy, the Netherlands, the Czech Republic, Slovakia and the USA. BRAIN FORCE develops own software solutions and implements products of leading technology providers. The portfolio includes products and services in the areas of Process Optimization, Infrastructure Optimization and Professional Services. The parent company is headquartered Am Hof 4, 1010 Vienna, Austria.

At the balance sheet date CROSS Informatik GmbH, Wels, Austria, holds the majority of the shares in BRAIN FORCE HOLDING AG.

Summary of significant accounting policies

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

Financial reporting principles

Pursuant to Section 245a (1) UGB, the consolidated financial statements at September 30, 2012 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the applicable Austrian regulations.

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

The preparation of consolidated financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed under "accounting estimates and assumptions".

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

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

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

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

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

Principles of consolidation

The financial statements included in consolidation were all drawn up with the uniform consolidated balance sheet date September 30, 2012.

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

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

Consolidated group

The consolidated group changed as follows, compared to the consolidated financial statements at September 30, 2011:

By notary deed of December 22, 2011, BRAIN FORCE HOLDING AG together with Hofer Management GmbH, Vöcklabruck, Austria, founded the company Network Performance Channel GmbH domiciled in Vöcklabruck, Austria. The shareholding of BRAIN FORCE HOLDING AG in Network Performance Channel GmbH is 74%. The business purpose of the company includes the trade in and development of IT products, as well as the provision of IT-related services. The company was entered into the commercial register on January 13, 2012, and is included in the consolidated financial statements by way of full consolidation.

BRAIN FORCE Network Solutions B.V., Veenendaal, The Netherlands, which is wholly owned by BRAIN FORCE HOLDING AG, was deconsolidated in the 2nd quarter of the fiscal year 2011/12. Since the beginning of the year 2010, BRAIN FORCE Network Solutions B.V. has not conducted any business operations and was deleted from the commercial register as of January 31, 2012 upon completion of the liquidation procedure.

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

Company	Method of consolidation	Share in %
BRAIN FORCE Software GmbH, Munich, Germany	V	100
Network Performance Channel GmbH, Langen, Germany	V	100
NSE Capital Venture GmbH, Munich, Germany ¹⁾	V	100
BRAIN FORCE S.p.A., Milan, Italy	V	100
BFS Brain Force Software AG, Maur, Switzerland	V	100
BRAIN FORCE B.V., Veenendaal, The Netherlands ¹⁾	V	100
BRAIN FORCE GmbH, Neulengbach, Austria	V	100
Network Performance Channel GmbH, Vöcklabruck, Austria	V	74
BRAIN FORCE SOFTWARE s.r.o., Prague, Czech Republic	V	100
Brain Force Software s.r.o., Bratislava, Slovakia ²⁾	V	100
SolveDirect Service Management GmbH, Vienna, Austria ³⁾	E	53.16
CONSULTING CUBE s.r.l., Bologna, Italy ⁴⁾	E	25

V... Full consolidation

E... Equity method of consolidation

- 1) The share is held by BRAIN FORCE Software GmbH, Munich, Germany.
- 2) 0.5% of the share is held by BRAIN FORCE HOLDING AG, 99.5% by BRAIN FORCE SOFTWARE s.r.o., Prague, Czech Republic.
- 3) The company holds 100% of the shares in SolveDirect Service Management Inc., San Francisco, USA. The companies were included in the consolidated financial statements as subgroup using the equity method (see also Appendix 5/6).
- 4) The share is held by BRAIN FORCE S.p.A., Milan, Italy.

Methods of consolidation

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

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

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

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

Foreign currency translation

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

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

The differences resulting from the translation of financial statements of consolidated entities are recognized in other comprehensive income in the statement of comprehensive income.

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

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

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

Currency	Rate at 30.9.2012	Rate at 30.9.2011
	1 EUR	1 EUR
Swiss franc (CHF)	1.2100	1.2185
Czech crowns (CZK)	25.1300	24.6400
US dollar (USD)	1.2945	1.3520

Property, plant and equipment

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

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

	Useful life
Building investments in non-owned facilities	5 to 10 years
IT equipment	3 to 5 years
Office machines	4 to 5 years
Office equipment	5 to 10 years

If an asset is impaired, the carrying amount is reduced to its recoverable amount.

Maintenance expenses

Maintenance expenses are recognized in the income statement in the period in which they are incurred.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Intangible assets

In accordance with IFRS 3, goodwill arising from a business combination shall not be amortized systematically.

Assets accounted for in connection with the purchase price allocation are amortized on a straight-line basis as follows:

	Useful life
Product developments	3 years
Customer relations	7 years

Other purchased intangible assets are recognized at cost less amortization calculated according to the straight-line method and based on the estimated useful lives of the assets, which are as follows:

	Useful life
Software	3 to 5 years
Licenses and distribution rights	3 years
Registered trademarks	10 years

If an asset is impaired, the carrying amount is reduced to its recoverable amount. In addition, goodwill shall be tested annually for impairment.

Research and development

Expenditure on research is recognized as an expense. Development costs, both for bought-in goods and services and for internal development costs arising from development projects, if they meet the required criteria, are recognized as assets arising from development (other intangible assets) in accordance with IAS 38, to the extent that such expenditure is expected to generate future economic benefits. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

After completion of the development project, capitalized development costs are recognized in the balance sheet as intangible assets and amortized on a straight-line basis over the expected useful life of the respective product, currently 3 to 5 years.

Associates

Investments in associates, i.e. companies in which the Group, directly or indirectly, holds more than 20% of the voting rights or in another way can exercise a significant influence on the operating policies of the associated company, are accounted for using the equity method. Under this method, investments are initially recorded at cost and subsequently adjusted according to the investor's share in the net assets of the associated company. The income statement reflects the investor's share in the results of the associated company.

In the fiscal year 2009/10, through the conclusion of the investment contract with 3TS Cisco Growth Fund, the Group ceased to have the exclusive power to govern the financial and operating policies of SolveDirect Service Management GmbH, Vienna. Until December 31, 2009, SolveDirect Service Management GmbH, Vienna, was included in the consolidated financial statements by way of full consolidation. On January 1, 2010, the company was deconsolidated and the fair value of the shares was recognized for the first time as investments in associates. The share in SolveDirect Service Management GmbH, Vienna, which is accounted for using the equity method, amounts to 53.16% at the balance sheet date September 30, 2012 (prior year: 67.39%).

Financial assets

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

Available-for-sale securities are subsequently measured at fair value (based on stock prices), with unrealised changes in value being recognized in other comprehensive income in the statement of comprehensive income.

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

If there are indications of impairment, assets will be tested for impairment. If assets are impaired, the corresponding impairment loss is recognized in profit or loss.

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

Impairment of certain non-current assets

Property, plant and equipment, goodwill and other intangible assets are examined to assess whether changed circumstances or events indicate that the carrying amount is no longer recoverable. If an asset is impaired, the carrying amount is reduced to its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use. In order to assess impairment, assets are grouped into cash-generating units, i.e. the smallest identifiable group of assets that generates separate cash inflows. If the reason for the impairment no longer exists, a corresponding write-up is made, except for goodwill.

Inventories

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

Construction contracts

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

Receivables and other assets

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

Non-current receivables falling due within twelve months after the balance sheet date are recognized under current assets.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits. Deposits held in foreign currencies are measured at the exchange rate prevailing at the balance sheet date September 30, 2012.

Cash and cash equivalents include securities in the amount of EUR 123,575 (prior year: EUR 89,573) that were acquired and pledged as collateral by BRAIN FORCE Software GmbH, Germany, under partial retirement agreements.

Liabilities

Liabilities are recognized at cost or at the amount repayable, if different. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings, using the effective interest method.

Liabilities in foreign currencies are measured at the exchange rate prevailing at the balance sheet date.

Provisions

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

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

Provisions for post-employment benefits

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

The expense for the period to be recognized includes service cost, interest cost, and expense or income from the amortization of past service costs and actuarial gains and losses. The calculation of the obligations is based on actuarial assumptions, particularly with regard to

the interest rate applicable for discounting, the rate of increase for salaries and pensions, the pensionable age and probabilities concerning labour turnover and the probability of occurrence. The calculation is based on local biometrical data.

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

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

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

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

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

Severance payments relate to obligations under Austrian or Italian law.

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

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

Defined contribution plans have been applicable to employees joining an Austrian company after 2002. Starting from the second month of the employment relationship, the employer pays a regular contribution of 1.53% of monthly remuneration and any additional payments to a Mitarbeitervorsorgekasse or MVK (statutory scheme for severance payments). No additional obligation exists on the part of the company. The employees' entitlements exist vis-à-vis the respective MVK, and the current contributions paid by the company are recognized under personnel expenses.

Severance payments under Italian law (TFR) are one-off employee benefits which have to be paid as soon as an employee leaves an enterprise. The amount of the compensation is based on the number of monthly salaries (indexed), whereby a monthly salary (annual salary divided by 13.5) is earned per service year. The employee can receive an advance of up to 70% of the entitlement under certain conditions, e.g. to purchase a home or medical care. As of the fiscal year 2007, the amounts earned have to be paid to the statutory social security or a provision fund designated by the employee.

Revenues

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

Borrowing costs

As in the prior year, no borrowing costs were capitalized in the fiscal year 2011/12 because there was no need to.

Income taxes

Income taxes are recognized according to the source of tax and are based on the corresponding profit of the fiscal year.

Deferred taxes are determined on the basis of all temporary differences arising from tax values and IFRS values of all assets and liabilities using the liability method and the relevant national tax rates prevailing on the balance sheet date or which have been substantially enacted and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are recognized under non-current liabilities, deferred tax assets under non-current assets.

The most important temporary differences result from the capitalization of development costs and other assets and liabilities identifiable in the allocation of the purchase price under IFRS 3, the depreciation of property, plant and equipment, receivables, provisions for tax purposes, construction contracts and the provisions for post-employment benefit obligations. Deferred taxes relating to tax loss carry-forwards and deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Fair values

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

Accounting estimates and assumptions

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

Impairment of goodwill

The effects of adverse changes of estimates made in the annual impairment test of the interest rate by plus 10% or of the cash flow by minus 10% would result in an impairment of the recognized goodwill in the amount of EUR 10 k or EUR 102 k (prior year: EUR 45 k or EUR 307 k).

Deferred taxes

If future taxable income within the plan period defined for the recognition and measurement of deferred taxes fell 10% short of the value assumed at the balance sheet date, the recognized net position of deferred tax assets would probably have to be reduced by EUR 167 k (prior year: EUR 187 k).

Provisions for post-employment benefits

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

The present value of the obligation depends on a number of factors which are based on actuarial assumptions. The assumptions used in calculating the expenses include the estimated increase in salaries and the interest rate. Any change in these assumptions has effects on the present value of the obligation and on actuarial gains and losses not yet recognized. Applying the corridor method, the amount of actuarial gains and losses outside the corridor has to be allocated in profit or loss over the average remaining service period of the beneficiary. Estimated future salary increases are derived from the average salary development of the past years, which is considered realistic for the future.

The Group calculates the relevant interest rate at the end of each year. This is the interest rate which is used in the calculation of the present value of expected future cash outflows for the payment of the obligation. The calculation of the interest rate is based on the interest rate for corporate bonds of the highest credit standing denominated in the currency in which the services are paid and whose maturities equal those of the pension and severance payment obligations. Further material assumptions are in part based on market conditions.

If the assumptions were based on a discount rate which fell 10% short of the estimates made by management, the present value of the obligation for pensions and severance payments would have to be raised by EUR 69 k (prior year: EUR 73 k).

Other balance sheet items

With regard to the other balance sheet items, changes in estimates and assumptions do not result in significant effects on the financial position and financial performance.

Comments on the consolidated income statement

As a result of the non-controlling interests included as of the second quarter of the fiscal year 2011/12 the presentation of the statement of comprehensive income was changed. Now the consolidated income statement is presented separately, with the profit/loss broken down into owners of the parent and non-controlling interests. Subsequently, the statement of comprehensive income shows the reconciliation to the comprehensive income/loss for the period.

(1) Revenues

Revenues are broken down as follows:

in EUR	2011/12	2010/11
Current services	48,699,764	44,839,066
Construction contracts	10,568,828	9,762,787
Products	16,738,738	16,485,063
Revenues	76,007,330	71,086,916

(2) Types of expenditure

The consolidated income statement was prepared using the function of expense method. The following presentation shows a breakdown by type of expenditure.

in EUR	2011/12	2010/11
Increase or decrease in services not yet invoiced	35,800	-54,053
Cost of materials and purchased services (see Note 4)	31,677,467	28,846,094
Own work capitalized	-1,139,988	-960,011
Personnel expenses (see Note 5)	32,258,086	30,829,013
Restructuring expenses	677,207	0
Depreciation and amortization	1,949,027	2,092,989
Rents and energy costs	2,573,511	2,686,098
Automobile expenses	2,298,367	2,106,174
Travel expenses	1,038,455	1,085,466
Advertising and marketing expenses	503,555	383,368
Legal, audit and consulting fees	1,493,038	1,363,256
Postage and communication charges	545,866	579,317
Bad debts and allowances for receivables	185,655	131,888
Company insurances	131,997	128,693
Other expenses	1,807,039	1,457,290
Manufacturing, selling and administrative costs and other operating expenses	76,035,082	70,675,582

The restructuring expenses include costs in connection with staff reduction measures performed in the FINAS segment in the Germany region of EUR 677,207.

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

(3) Other operating income

Other operating income includes:

in EUR	2011/12	2010/11
Income from the collection of receivables written-off	0	481,093
Income from the reversal of impairment losses for receivables	46,401	0
Insurance compensations	71,061	0
Other	21,988	147,642
Other operating income	139,450	628,735

(4) Cost of materials and purchased services

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

in EUR	2011/12	2010/11
Cost of goods sold	5,466,479	5,473,442
Maintenance	1,434,727	1,433,768
Licenses	2,355,827	1,530,834
Cost of materials	9,257,033	8,438,044
Subcontractors	22,420,434	20,408,050
Cost of materials and purchased services	31,677,467	28,846,094

(5) Personnel expenses

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

in EUR	2011/12	2010/11
Salaries	25,724,350	24,686,585
Expenses for severance payments	593,637	550,197
Expenses for pensions	14,904	21,432
Expenses for statutory social security, payroll-related taxes and mandatory contributions	5,925,195	5,570,799
Personnel expenses	32,258,086	30,829,013

Expenses for severance payments, in addition to statutory entitlements (see Note 24), also include contributions payable to the staff provision fund ("Mitarbeitervorsorgekasse") in the amount of EUR 22,845 (prior year: EUR 21,256).

(6) Financial result

The financial result is calculated as follows:

in EUR	2011/12	2010/11
Income from securities	3,074	1,290
Net loss / gain from foreign currency translation	54,245	-4,628
Interest and similar expenses	-881,908	-787,010
Financial result	-824,589	-790,348

(7) Income taxes

Income taxes of continuing operations are as follows:

in EUR	2011/12	2010/11
Current tax income / expense	-94,965	438,466
Deferred tax income / expense	20,726	-451,981
Income taxes	-74,239	-13,515

The income tax expense for the year is EUR 477,456 higher (prior year: EUR 332,019 higher) than the calculated income tax expense of EUR -551,695 (prior year: EUR -345,534) that would result from applying a tax rate of 25% (prior year: 25%) on the profit before tax, with the tax rate equalling the income tax rate applicable to the parent company. The reasons for the difference between calculated and recognized income tax expenses are as follows:

in EUR	2011/12	2010/11
Result before income taxes	-2,206,779	-1,382,137
thereof 25% = calculated income tax expense	-551,695	-345,534
Effects of different tax rates in other countries	283,470	458,387
Tax-free income	-49,221	-76,897
Expenses not deductible for tax purposes	59,204	7,963
Other permanent differences	71,591	-2,762
Tax losses for which no deferred tax assets have been recognized	956,026	709,541
Write-down of deferred tax assets	163,429	0
Utilization and subsequent capitalization of temporary differences and tax losses not recognized in the year in which they arose	-408,012	-861,744
Income tax expense / income – current period	524,792	-111,046
Non-periodic income tax expense / income	-599,031	97,531
Recognized income tax income	-74,239	-13,515

(8) Segment information

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

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

The segment results are presented following the statement of comprehensive income. Austria accounts for EUR 1.98 million (prior year: EUR 1.79 million) of revenue for the fiscal year 2011/12, other countries for EUR 74.03 million (prior year: EUR 69.30 million).

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

Key ratios 2011/12 in EUR	Germany	Italy	The Netherlands	Central East Europe	Holding and Other	Group
Investments	564,204	548,867	364,712	87,016	60,675	1,625,474
Assets	15,064,360	12,680,966	6,939,303	2,398,122	9,340,072	46,422,823
Liabilities	7,206,811	8,270,142	1,672,373	781,593	11,885,067	29,815,986

Key ratios 2010/11 in EUR	Germany	Italy	The Netherlands	Central East Europe	Holding and Other	Group
Investments	464,787	752,394	202,968	79,094	13,042	1,512,285
Assets	14,794,318	12,943,821	8,169,643	2,467,979	11,053,585	49,429,346
Liabilities	6,894,545	7,481,972	2,361,392	870,845	13,103,087	30,711,841

In the Germany region, the 2010/11 key ratios include liabilities in the amount of EUR 106,670 that are attributable to the discontinued operation (see Note 32).

The group entities operate in the individual regions in the areas Process Optimization, Infrastructure Optimization and Professional Services.

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

The Infrastructure Optimization segment provides solutions for better manageable and more efficient IT infrastructure in the following areas: Server and Data Management, Workspace Management, Application Provisioning and Control, Communication and Collaboration, and IT Service Management Solutions. In addition, the Network Performance segment provides innovative solutions to enhance productivity, increase availability and prevent network application failures.

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

Comments on the cash flow statement

The cash flow statement of the BRAIN FORCE Group was prepared using the indirect method.

It illustrates the change in cash and cash equivalents in the Group resulting from cash inflows and outflows over the reporting period, divided into cash flow from operating, investing and financing activities.

The change in cash and cash equivalents of the discontinued operation is stated as a separate item (see Note 32).

(9) Cash flow from operating activities

The cash flow from operating activities, based on the profit before tax, adjusted for non-cash expenses/income, after changes of funds tied up in working capital and after deduction of paid interest (netted against interest earned), dividends received and income taxes, illustrates the inflow/outflow of cash and cash equivalents from operating activities.

(10) Cash flow from investing activities

This section shows all cash inflows and outflows relating to additions to and disposals of property, plant and equipment, intangible assets and financial investments, as well as financial assets.

(11) Cash flow from financing activities

This section shows all cash inflows and outflows relating to equity and debt financing.

(12) Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank balances, as long as they are available at short notice and unrestricted.

Comments on the consolidated balance sheet

(13) Property, plant and equipment

Property, plant and equipment have changed as follows:

in EUR	Building investments in non-owned facilities	Office machines, IT equipment, other office equipment	Total
Acquisition or production costs 1.10.2011	1,826,397	4,808,043	6,634,440
Currency translation differences	-35	-770	-805
Additions	6,482	319,894	326,376
Disposals	0	-1,224,007	-1,224,007
Acquisition or production costs 30.9.2012	1,832,844	3,903,160	5,736,004
Accumulated depreciation 1.10.2011	1,240,533	3,800,373	5,040,906
Currency translation differences	-4	-438	-442
Depreciation charge 2011/12	158,935	483,136	642,071
Disposals	0	-1,212,542	-1,212,542
Accumulated depreciation 30.9.2012	1,399,464	3,070,529	4,469,993
Carrying amounts 30.9.2012	433,380	832,631	1,266,011

in EUR	Building invest- ments in non- owned facilities	Office machines, IT equipment, other office equipment	Total
Acquisition or production costs 1.10.2010	1,778,515	5,358,633	7,137,148
Currency translation differences	-17	-389	-406
Additions	47,899	386,312	434,211
Disposals	0	-936,513	-936,513
Acquisition or production costs 30.9.2011	1,826,397	4,808,043	6,634,440
Accumulated depreciation 1.10.2010	1,080,517	4,170,793	5,251,310
Currency translation differences	-1	-156	-157
Depreciation charge 2010/11	160,017	545,219	705,236
Disposals	0	-915,483	-915,483
Accumulated depreciation 30.9.2011	1,240,533	3,800,373	5,040,906
Carrying amounts 30.9.2011	585,864	1,007,670	1,593,534

(14) Goodwill

Goodwill amounts to EUR 11,001,151 as at September 30, 2012 (prior year: EUR 11,001,151).

The goodwill results from past acquisitions of corresponding shares for BRAIN FORCE S.p.A., Milan, Italy (formerly TEMA Studio di Informatica S.p.A.), Brain Force Financial Solutions AG, Munich, Germany (formerly NSE Software AG, merged with BRAIN FORCE Software GmbH, Munich, Germany, in the fiscal year 2006), INDIS S.p.A., Milan, Italy (merged with BRAIN FORCE S.p.A., Milan, Italy, in the fiscal year 2006), BRAIN FORCE B.V., Veenendaal, The Netherlands (formerly VAI B.V.), BRAIN FORCE Frankfurt GmbH, Langen, Germany (formerly SYSTEAM Ingenieurbüro für Datenkommunikation und Informatik GmbH, merged with BRAIN FORCE Software GmbH, Munich, Germany, in the fiscal year 2008) and BRAIN FORCE GmbH, Neulengbach, Austria (formerly INISYS Software-Consulting Ges.m.b.H.).

In the fiscal year 2011/12, impairment tests were performed for the following cash generating units whose values remain unchanged from the prior year:

in EUR	Allocated goodwill
BRAIN FORCE S.p.A. - Segment Italy, Process Optimization division	1,783,670
BRAIN FORCE S.p.A. - Segment Italy, Infrastructure Optimization division	1,014,887
BRAIN FORCE Software GmbH - Segment Germany, Process Optimization division	1,172,812
BRAIN FORCE Software GmbH - Segment Germany, Infrastructure Optimization division	2,026,577
BRAIN FORCE B.V. - Segment The Netherlands, Infrastructure Optimization division	3,842,616
BRAIN FORCE GmbH - Segment Central East Europe, Process Optimization division	1,160,589
Carrying amount 30.9.2012	11,001,151

The recoverable amount of the cash-generating units was determined based on value in use calculations. These value-in-use calculations are based on cash flow projections derived from the financial budget 2012/13 approved by management and the resulting medium-term planning for the subsequent three years. The material assumptions of the management in the calculation of values in use are the estimated revenues, EBIT margins and discount rates. The calculation was based on an adequate EBIT margin on the basis of the segment performance by region.

Cash flows beyond this four-year period are extrapolated using the estimated growth rates stated below, which do not exceed the long-term average growth rate for the respective business segments. The calculations did not result in a need for impairment.

Key assumptions used to calculate the values in use:

in %	Growth rate		Discount rate before tax		Discount rate after tax	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
BRAIN FORCE S.p.A. - Segment Italy, Process Optimization division	1.0	1.0	19.6	20.1	7.7	8.2
BRAIN FORCE S.p.A. - Segment Italy, Infrastructure Optimization division	1.0	1.0	20.4	21.1	7.7	8.2
BRAIN FORCE Software GmbH - Segment Germany, Process Optimization division	1.0	1.0	10.6	12.1	7.6	8.5
BRAIN FORCE Software GmbH - Segment Germany, Infrastructure Optimization division	1.0	1.0	10.5	10.9	7.6	7.8
BRAIN FORCE B.V. - Segment The Netherlands, Infrastructure Optimization division	1.0	1.0	10.1	11.1	7.8	8.7
BRAIN FORCE GmbH - Segment Central East Europe, Process Optimization division	1.0	1.0	10.4	11.1	7.8	8.7

The respective discount rates before tax were determined iteratively on the basis of cash flows before tax, using the value in use. The value in use is calculated by applying discount rates after tax to cash flows after tax. The discount rates account for the realisable tax loss carry-forwards. The deviations from the discount rates after tax are due to the effective tax burden of the respective unit.

The discount rate used was derived from the weighted average cost of capital (WACC), computed according to the capital asset pricing model (CAPM), reflecting the financial structure and market risks associated with the business segments.

With regard to the effects of changes in estimates, we refer to the comments on "accounting estimates and assumptions".

(15) Other intangible assets

Other intangible assets changed as follows:

in EUR	Development costs	Other	Intangible assets
Acquisition or production costs 1.10.2011	12,977,155	5,940,540	18,917,695
Currency translation differences	-3,349	-413	-3,762
Additions	1,139,988	159,110	1,299,098
Disposals	0	-291,888	-291,888
Acquisition or production costs 30.9.2012	14,113,794	5,807,349	19,921,143
Accumulated amortization 1.10.2011	10,795,093	5,496,195	16,291,288
Currency translation differences	-3,349	-413	-3,762
Amortization charge 2011/12	1,095,149	211,807	1,306,956
Disposals	0	-282,330	-282,330
Accumulated amortization 30.9.2012	11,886,893	5,425,259	17,312,152
Carrying amounts 30.9.2012	2,226,901	382,090	2,608,991

in EUR	Development costs	Other	Intangible assets
Acquisition or production costs 1.10.2010	12,230,190	6,013,366	18,243,556
Currency translation differences	-1,689	-208	-1,897
Additions	960,011	118,062	1,078,073
Disposals	-211,357	-190,680	-402,037
Acquisition or production costs 30.9.2011	12,977,155	5,940,540	18,917,695
Accumulated amortization 1.10.2010	9,823,358	5,484,111	15,307,469
Currency translation differences	-1,689	-208	-1,897
Amortization charge 2010/11	1,184,781	202,972	1,387,753
Disposals	-211,357	-190,680	-402,037
Accumulated amortization 30.9.2011	10,795,093	5,496,195	16,291,288
Carrying amounts 30.9.2011	2,182,062	444,345	2,626,407

Development costs include unfinished development work in the amount of EUR 514,333 (prior year: EUR 431,304).

In addition to acquired software and rights, the item "other intangible assets" includes other intangible assets, such as development costs and customer relations, identified in the allocation of the purchase price in connection with acquisitions under IFRS 3 with a carrying amount of EUR 119,736 (prior year: EUR 358,410).

(16) Investments in associates

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

in EUR	2011/12	2010/11
Carrying amount – beginning of period	8,896,890	10,528,748
Share in after-tax losses	-1,493,888	-1,631,858
Carrying amount – end of period	7,403,002	8,896,890

The share in after-tax losses mainly relates to the shares in SolveDirect Service Management GmbH and includes the current assumption of losses and dilution effects from the capital increases.

The carrying amount of investments in associates reported in these consolidated financial statements relates to the 53.16% share in SolveDirect Service Management GmbH and the 25% share in CONSULTING CUBE s.r.l., Italy.

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

in EUR	SolveDirect Service Management GmbH	CONSULTING CUBE s.r.l.	30.9.2012	30.9.2011
Assets	16,423,407	326,350	16,749,757	16,318,987
Liabilities	2,519,659	279,272	2,798,931	3,089,553
Revenues	6,559,082	361,195	6,920,277	6,704,357
Profit / loss for the period	-426,404	2,723	-423,681	-1,590,695

(17) Financial assets

Financial assets include securities and changed as follows:

in EUR	2011/12	2010/11
Carrying amount – beginning of period	45,351	49,291
Sale of financial assets (carrying amount of the disposal)	-12,182	0
Adjustment to fair value	960	-3,940
Carrying amount – end of period	34,129	45,351

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

(18) Deferred taxes

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

Deferred taxes are calculated as follows:

in EUR	1.10.2011	Change in income statement	30.9.2012
Provisions for post-employment benefits	39,989	-16,949	23,040
Tax loss carry-forwards	1,872,252	-204,210	1,668,042
Other	772,340	-40,613	731,727
Deferred tax assets	2,684,581	-261,772	2,422,809
Development costs and other intangible assets	324,848	-7,608	317,240
Other non-current assets	77,533	-13,048	64,485
Receivables	466,948	-158,627	308,321
Other	138,165	-61,763	76,402
Deferred tax liabilities	1,007,494	-241,046	766,448

in EUR	1.10.2010	Change in income statement	30.9.2011
Provisions for post-employment benefits	39,599	390	39,989
Tax loss carry-forwards	2,087,533	-215,281	1,872,252
Other	422,684	349,656	772,340
Deferred tax assets	2,549,816	134,765	2,684,581
Development costs and other intangible assets	561,055	-236,207	324,848
Other non-current assets	168,888	-91,355	77,533
Receivables	536,072	-69,124	466,948
Other	58,695	79,470	138,165
Deferred tax liabilities	1,324,710	-317,216	1,007,494

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

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

in EUR	30.9.2012	30.9.2011
Deferred tax assets	1,721,279	1,813,823
Deferred tax liabilities	-64,918	-136,736
Carrying amount	1,656,361	1,677,087

Within the next 12 months, a realisation of deferred tax assets is expected in the amount of EUR 386,089 (prior year: EUR 476,451), and a settlement of deferred tax liabilities in the amount of EUR 54,295 (prior year: EUR 97,391).

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

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

in EUR	Basis	Deferred tax claim
Tax losses that can be carried forward for an unlimited period of time	30,217,268	7,554,316
Tax losses that can be carried forward for a limited period of time	469,819	112,757
Deductible temporary differences	4,305,065	1,076,266
30.9.2012	34,992,152	8,743,339

in EUR	Basis	Deferred tax claim
Tax losses that can be carried forward for an unlimited period of time	27,744,034	6,936,008
Tax losses that can be carried forward for a limited period of time	550,528	133,624
Deductible temporary differences	4,496,264	1,124,066
30.9.2011	32,790,826	8,193,698

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

(19) Inventories

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

Inventories comprise the following items:

in EUR	30.9.2012	30.9.2011
Work in progress	49,154	44,473
Goods for resale	325,567	260,056
Inventories	374,721	304,529

(20) Trade receivables

in EUR	30.9.2012	30.9.2011
Trade receivables already invoiced	13,549,738	14,759,278
Less allowance for doubtful accounts	-1,079,524	-1,272,095
Trade receivables not yet invoiced	826,246	551,316
Receivables from construction / service contracts	621,332	1,159,442
Trade receivables from affiliated companies	0	155,015
Trade receivables from associates	5,437	4,743
Trade receivables	13,923,229	15,357,699

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

in EUR	2011/12	2010/11
Allowance for doubtful accounts – beginning of period	1,272,095	1,149,925
Utilisation	-331,825	-4,151
Reversal	-46,401	0
Addition	185,655	126,321
Allowance for doubtful accounts – end of period	1,079,524	1,272,095

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

in EUR	30.9.2012	30.9.2011
Less than 30 days	1,559,257	1,019,132
More than 30 days	2,773,346	2,706,333
Overdue unimpaired receivables	4,332,603	3,725,465

For selected customers of BRAIN FORCE Software GmbH, Munich, Germany, and BRAIN FORCE GmbH, Neulengbach, Austria, credit insurance was taken out that significantly reduces the default risk of overdue receivables.

The total of costs incurred and revenues recognized for projects underway at the balance sheet date amounts to EUR 1,134,188. Partial invoices were issued in the amount of EUR 512,856. Prepayments received, reported under trade payables, amount to EUR 265,810.

(21) Other receivables and assets

Other receivables and assets comprise the following items:

in EUR	30.9.2012	30.9.2011
Deposits	83,551	89,598
Other	3,672	1,631
Non-current other receivables and assets	87,223	91,229
Prepayments	220,324	178,366
Revenue authorities	86,177	123,146
Maintenance contracts and other prepaid expenses	927,350	768,158
Receivables from employees	61,815	81,512
Receivables factoring (blocked accounts)	637,485	490,093
Other	452,464	250,856
Current other receivables and assets	2,385,615	1,892,131

The receivables due from tax authorities include income tax assets in the amount of EUR 86,177 (prior year: EUR 117,062).

(22) Cash and cash equivalents

Cash and cash equivalents comprise the following:

in EUR	30.9.2012	30.9.2011
Cash in hand	23,784	10,147
Bank balances	5,593,688	5,796,455
Cash and cash equivalents	5,617,472	5,806,602

(23) Equity

The share capital amounts to EUR 15,386,742 (prior year: EUR 15,386,742) and is divided into 15,386,742 individual no-par value bearer shares.

The shares of the Company are listed in the Standard Market Continuous segment of the Vienna Stock Exchange.

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

At the 13th Annual General Meeting on March 2, 2011 the Management Board was authorized to acquire treasury stock, with the percentage of shares to be acquired limited to 10% of share capital, the authorization valid for a period of 30 months as of the resolution date, and the consideration (acquisition price) of each no-par value share to be acquired not exceeding or falling short of the average price of the preceding five trading days by more than 20%. As yet, this authorization to repurchase treasury shares has not been used.

Furthermore, at that Annual General Meeting a conditional capital pursuant to Section 159 (2) No. 1 AktG in the amount of up to EUR 7,693,371 by issuing up to 7,693,371 new bearer shares with no par value (no-par value shares) was approved.

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

in EUR	Share capital	Reserves
Balance 1.10.2011	15,386,742	9,599,679
Used to cover losses	0	-2,240,068
Other changes	0	-4,128
Balance 30.9.2012	15,386,742	7,355,483

in EUR	Share capital	Reserves
Balance 1.10.2010	15,386,742	10,746,071
Used to cover losses	0	-1,122,954
Other changes	0	-23,438
Balance 30.9.2011	15,386,742	9,599,679

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

in EUR	30.9.2012	30.9.2011
Fair value reserve for securities	905	-55
Reserve for currency translation differences	-315,710	-310,622
Other reserves	-314,805	-310,677

(24) Provisions for post-employment benefits

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

in EUR	30.9.2012	30.9.2011
Provisions for pensions	87,507	80,275
Provisions for severance payments	39,460	97,932
Provisions for severance payments (TFR)	1,190,610	1,262,376
Provisions for post-employment benefits	1,317,577	1,440,583

Provisions for pensions

Due to individual arrangements, three employees of BRAIN FORCE Software GmbH, Munich, Germany, were promised an additional pension upon retirement. The amount of this pension basically depends on the defined benefit plan. Two entitled persons left the Company early (prior to retirement), with the pro rata entitlement remaining against the Company.

The amounts recognized for provisions for pensions at the balance sheet dates are computed by actuaries based on the projected unit credit method and are broken down as follows:

in EUR	30.9.2012	30.9.2011
Actuarial present value of defined benefit obligation	329,790	244,911
Fair value of plan assets	-172,112	-164,420
	157,678	80,491
Unrecognized actuarial gains / (losses)	-70,171	-216
Liability in the balance sheet	87,507	80,275

The plan assets pursuant to IAS 19 consist of the insurance cover for the pension commitments pledged in favour of employees.

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

in EUR	2011/12	2010/11
Balance – beginning of period	244,911	245,916
Current service cost	2,123	2,214
Interest expense	12,246	11,681
Actuarial (gains) / losses	70,510	-14,900
Balance – end of period	329,790	244,911

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

in EUR	2011/12	2010/11
Balance – beginning of period	164,420	155,786
Actuarial gains / (losses)	6,820	7,762
Paid contributions	872	872
Balance – end of period	172,112	164,420

The expense / income recognized in the income statement concerning defined benefit obligations comprises the following:

in EUR	2011/12	2010/11
Current service cost	2,123	2,214
Interest expense	12,246	11,681
Effects of plan curtailments / settlements	-6,265	-6,250
Expense / income for defined benefit obligations	8,104	7,645

The interest expense is recognized in the financial result. Thus, the expenses for defined benefit obligations recognized in personnel expenses amount to EUR -4,142 (prior year: EUR -4,036).

The basic actuarial assumptions are as follows:

	2011/12	2010/11
Interest rate	4.00%	5.00%
Future salary increases	3%	3%
Future pension increases	3%	2%
Pensionable age	60, 62 years	60, 62 years
Mortality tables – Germany	Heubeck 2005	Heubeck 2005

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

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

in EUR	2011/12	2010/11
Pension costs – defined benefit plan	-4,142	-4,036
Pension costs – defined contribution plan	19,046	25,468
Pension costs (excluding interest expense)	14,904	21,432

Provisions for severance payments (Austria)

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

in EUR	30.9.2012	30.9.2011
Actuarial present value of defined benefit obligation	43,513	67,393
Unrecognized actuarial gains/(losses)	-4,053	30,539
Liability in the balance sheet	39,460	97,932

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

in EUR	2011/12	2010/11
Balance – beginning of period	97,932	90,206
Expenses for severance payments	-27	8,885
Payment of severance payments	-58,445	-1,159
Balance – end of period	39,460	97,932

The expense recognized in the income statement includes the following:

in EUR	2011/12	2010/11
Current service cost	6,636	7,019
Interest expense	3,125	3,082
Amortization of actuarial gains	-9,788	-1,216
Expenses for severance payments (Austria)	-27	8,885

The interest expense is recognized in the financial result. Thus, the expenses for defined benefit obligations recognized in personnel expenses amount to EUR -3.152 (prior year: EUR 5,803).

The basic actuarial assumptions are as follows:

	2011/12	2010/11
Interest rate	4.00%	5.00%
Future salary increases	3%	3%
Average labour turnover	Age-related	Age-related
Pensionable age	According to pension reform 2004	According to pension reform 2004
Mortality tables	AVÖ 2008-P, employees	AVÖ 2008-P, employees

Provisions for severance payments (TFR – Italy)

In the fiscal year 2011/12, the values of provisions for severance payments (TFR – Italy) were computed in the same way as the provisions for pensions. The balance recognized at September 30, 2012 in the amount of EUR 1,190,610 corresponds to the actuarial net present value of the obligation for severance payments (defined benefit obligation).

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

in EUR	2011/12	2010/11
Balance – beginning of period	1,262,376	1,367,002
Expenses for severance payments	102,007	61,707
Payment of severance payments	-173,773	-166,333
Balance – end of period	1,190,610	1,262,376

The expense recognized in the income statement includes the following:

in EUR	2011/12	2010/11
Interest expense	58,774	60,982
Recognition of actuarial (gains) / losses	43,233	725
Expenses for severance payments (Italy)	102,007	61,707

The interest expense is recognized in the financial result. Thus, the expenses for defined benefit obligations recognized in personnel expenses amount to EUR 43,233 (prior year: EUR 725).

The basic actuarial assumptions are as follows:

	2011/12	2010/11
Interest rate	4.00%	5.00%
Future salary increases	3%	3%
Inflation	2%	2%
Average labour turnover	10%	10%
Pensionable age	66 years	65 years
Mortality tables	RG48	RG48

(25) Financial liabilities

in EUR	30.9.2012	30.9.2011
Loans – non-current	9,984,257	9,973,541
Bank overdrafts – current	1,616,979	1,657,000
Financial liabilities	11,601,236	11,630,541

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

Interest on overdrafts is currently charged at 3.50 to 5.30% (prior year: 3.60 to 4.90%).

At the balance sheet date, the Group had committed credit lines amounting to a total of EUR 5.15 million.

At the balance sheet date, the fair value of the loans amounts to EUR 9,277,943 (prior year: EUR 8,843,138).

(26) Trade payables

in EUR	30.9.2012	30.9.2011
Trade payables already invoiced	7,374,024	7,286,578
Advance payments from customers	265,810	360,725
Trade payables not yet invoiced	571,374	956,644
Trade payables to affiliated companies	27,500	39,655
Trade payables	8,238,708	8,643,602

(27) Other liabilities

Other liabilities include the following:

in EUR	30.9.2012	30.9.2011
Non-current other liabilities	238,289	151,150
Taxes	1,327,811	1,412,160
Social security payables	624,483	643,034
Vacation entitlements and overtime payables	1,308,751	1,146,281
Bonuses	535,486	654,309
Payroll accounting	1,426,551	1,291,993
Deferred income from maintenance contracts	2,145,599	1,845,010
Other	662,330	582,053
Current other liabilities	8,031,011	7,574,840

(28) Tax provisions

Balance 1.10.2011	Utilisation	Addition/Reversal	Balance 30.9.2012
EUR	EUR	EUR	EUR
872,755	-415,291	-176,821	280,643

(29) Other provisions

in EUR	Balance 1.10.2011	Utilisation	Addition/ Reversal	Balance 30.9.2012
Non-current	0	0	0	0
Restructuring and settlements	118,800	-118,800	0	0
Warranties	36,164	0	7,440	43,604
Closure costs of discontinued operation (see Note 32)	106,670	-106,670	0	0
Current	261,634	-225,470	7,440	43,604

(30) Contingent liabilities

The Company has no contingent liabilities to third parties.

(31) Financial instruments

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

Information on financial instruments by category:

in EUR	30.9.2012	30.9.2011
Financial assets available for sale	34,129	45,351
Trade receivables	13,923,229	15,202,684
Other receivables and assets	1,238,987	919,774
Cash and cash equivalents	5,617,472	5,806,602
Loans and receivables	20,779,688	21,929,060
Financial liabilities	11,601,236	11,630,541
Trade payables	7,945,398	8,243,222
Other liabilities	3,933,118	3,674,637
Liabilities recognized at (amortized) cost	23,479,752	23,548,400

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

Carrying amounts in EUR	30.9.2012	30.9.2011
Non-current financial liabilities	9,984,257	9,973,541
Current portion	0	0
Financial liabilities due in >1 year	9,984,257	9,973,541

Cash flows in EUR:	30.9.2012	30.9.2011	
2012/13 Redemption	0	2011/12 Redemption	0
2012/13 Interest	517,000	2011/12 Interest	517,000
2013/14 Redemption	9,984,257	2012/13 Redemption	0
2013/14 Interest	244,139	2012/13 Interest	517,000
2014/15 Redemption	0	2013/14 Redemption	9,973,541
2014/15 Interest	0	2013/14 Interest	244,139
2015/16 Redemption	0	2014/15 Redemption	0
2015/16 Interest	0	2014/15 Interest	0
2016/17 Redemption	0	2015/16 Redemption	0
2016/17 Interest	0	2015/16 Interest	0

Financial instruments were recognized in the income statement with the following net results:

in EUR	2011/12	2010/11
Write-offs of and allowances for trade receivables		
Operating result, net	185,655	131,888
Financial assets available for sale	3,074	1,290
Loans and receivables	86,323	51,410
Liabilities recognized at (amortized) cost	-839,841	-767,303
Financial result, net	-750,444	-714,603

(32) Discontinued operation

The activities of the discontinued operation (Berlin location) were completely terminated already in the first quarter of the preceding fiscal year. As a result of the utilization of the provisions established in the short fiscal year 2009 for the closure of the location, the discontinued operation did not impact the statement of comprehensive income neither in the prior year nor in the fiscal year 2011/12.

At the balance sheet date September 30, 2012, no assets and liabilities are attributable to the Berlin location. The provision for closure costs as of the balance sheet date September 30, 2012 in the amount of EUR 106,670 was fully utilized in the fiscal year 2011/12. The resulting cash flow from discontinued operation is as follows:

in EUR	2011/12	2010/11
Cash flow from operating activities	-106,670	-324,212
Cash flow from investing activities	0	0
Cash flow from discontinued operation	-106,670	-324,212

(33) Financial risk management

The BRAIN FORCE Group is exposed to a variety of financial risks (liquidity risk, credit risk, foreign exchange risk, interest rate risk). The principles of risk management of the BRAIN FORCE Group are determined by the Management Board and monitored by the Supervisory Board. The risk strategy is implemented locally in the respective entities and is coordinated centrally. Necessary safeguards, such as e.g. insurances, are negotiated and concluded centrally for the Group, wherever possible. The liquidity, foreign exchange and interest rate risk are controlled centrally under policies set by the Management Board and is designed to minimize the potential negative effects on the financial position of the Group.

Liquidity risk

Liquidity risk refers to the risk that the Group may not be able to meet its financial obligations as they fall due. Due to the dynamic nature of the business environment in the IT industry, it is of utmost priority for BRAIN FORCE to maintain flexibility in funding by keeping sufficient liquidity and committed credit lines available. A liquidity forecast on a monthly basis is prepared annually in the context of the annual budget process, in addition the operating entities prepare monthly financial plans, which are monitored and consolidated in the Holding. To optimize the liquidity situation, attention is paid to an active working capital management.

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

Credit risk

It covers the risk of default in particular, hence the risk that one party fails to meet its obligations and that a default occurs. Despite a widely dispersed customer base in the Group, the operating companies of some countries of the BRAIN FORCE Group depend heavily on individual major customers. In order to be able to minimise the adverse effect on the result in case of defaults by customers, the focus is on expanding the customer base further to reduce these dependencies. In addition, credit insurance for selected customers of BRAIN FORCE Software GmbH, Germany, and BRAIN FORCE GmbH, Neulengbach, Austria, was taken out to further reduce the default risk. The write-offs of receivables and allowances for doubtful accounts recognized in the fiscal year 2011/12 amount to approx. 1.3% (prior year: 1.0%) of total receivables as at September 30, 2012.

Foreign exchange risk

The risk resulting from fluctuations in fair values of financial instruments or other balance sheet items and/or cash flows due to foreign currency fluctuations is referred to as currency risk. In particular, the risk occurs where business transactions in currencies other than the local currency of the Group exist or can arise in the course of regular business operations.

The BRAIN FORCE Group is mainly exposed to foreign exchange risks as part of its operating activities only in the subsidiaries Network Performance Channel GmbH, Germany, and Network Performance Channel GmbH, Austria, with regard to the development of the EUR/USD exchange rate. This is due to the fact that the companies purchase products in US dollars and resell them in Europe, the Middle East, North Africa and India. The purchase volume was USD 6.18 million in the fiscal year 2011/12. Part of the revenue of the companies is invoiced also in US dollars. In the fiscal year 2011/12 the EUR/USD exchange rate risk was hedged by Network Performance Channel GmbH, Germany. The foreign currency positions were hedged using forward exchange contracts. Due to the increase in revenue invoiced in USD it is to be assumed that the foreign exchange risks with regard to the development of the EUR/USD exchange rate will be of minor significance to the BRAIN FORCE Group in the future.

Approx. 96% (prior year: 95%) of its group sales are generated in Euro, the rest in US dollar and Czech crowns. On the assets side, the foreign exchange exposure results from trade receivables not denominated in euro of approx. 5% (prior year: 5%) and, on the liabilities side, from trade payables not denominated in euro of approx. 10% (prior year: less than 10%).

Interest rate risk

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

For financial instruments carrying fixed interest rates, a market interest rate is stipulated for the entire period. The risk exists that the market value (present value of future payments, i.e. interest and repayable amount, discounted at the market interest rate for the remaining term prevailing at the balance sheet date) of the financial instrument changes when the interest rate changes. The price risk caused by changes in interest rate results in a loss or gain, if the fixed-interest bearing financial instrument is sold before maturity. The interest rate for variable interest bearing financial instruments is adjusted immediately and normally follows the respective market interest rate. The risk involved here is that the market interest rate fluctuates and, as a result, changed interest payments will fall due.

At the end of the fiscal year 2011/12, financial liabilities accounted for 25% of the balance sheet total. The major part of financial liabilities is accounted for by the long-term bullet loan in the amount of EUR 10 million taken out in 2007, which basically carries a fixed interest rate that can only be adjusted in case of a significant change in the credit standing (see liquidity risk). As in the prior year, short-term financial liabilities accounted for 3% of the balance sheet total and carry variable interest rates.

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

Capital risk management

The Group's objectives regarding the capital risk management include securing its going concern to continue to provide the shareholders with income and the other stakeholders with adequate services, as well as maintaining an optimal capital structure in order to reduce capital costs. BRAIN FORCE is not subject to statutory capital requirements. The equity ratio amounts to 36% at the balance sheet date (prior year: 38%).

Fair values

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

(34) Costs for the auditor

The costs for the auditor include: audit of the consolidated financial statements EUR 29,000 (prior year: EUR 29,000), other audit services EUR 10,000 (prior year: EUR 13,200) and other services EUR 11,550 (prior year: EUR 0).

(35) Earnings per share

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

in EUR	2011/12	2010/11
Profit/loss after tax attributable to the equity holders of the parent company	-2,121,924	-1,368,622
Weighted average number of ordinary shares (basic and diluted)	15,386,742	15,386,742
Earnings per share (in EUR)	-0.14	-0.09

The consolidated financial statements of the Company will be dealt with in the Supervisory Board meeting on December 6, 2012. The proposal on profit distribution, which has to be submitted together with the report of the Supervisory Board, is subject to approval by the Annual General Meeting.

(36) Related parties

The major shareholders and the Management and Supervisory Board members of BRAIN FORCE HOLDING AG, as well as associates are considered related parties.

Remunerations paid to members of the Management Board for the fiscal year 2011/12 amounted to EUR 452,500 (prior year: EUR 586,782). These remunerations include variable portions in the amount of EUR 0 (prior year: EUR 111,782). In addition, a settlement in the amount of EUR 201,904 (prior year: EUR 0) was granted for the early termination of a management board contract.

Furthermore, expenses for severance payments (contributions to staff provision funds) and pensions for members of the Management Board in the amount of EUR 21,185 (prior year: EUR 23,378) were recognized in profit and loss.

In the fiscal year 2011/12, remunerations paid to members of the Supervisory Board in the amount of EUR 52,100 (prior year: EUR 59,500) were recognized as expense.

Neither were any loans granted to nor guarantees given for the benefit of members of the Management Board and Supervisory Board.

In the fiscal year 2011/12, an agreement was in place with CROSS Informatik GmbH, Wels, on the provision of a management board member. CROSS Informatik GmbH, Wels, is the majority shareholder of BRAIN FORCE HOLDING AG.

As of the beginning of the fiscal year 2012/13, that is since October 1, 2012, an agreement has been in place between BRAIN FORCE HOLDING AG and HOFER Management GmbH, Vöcklabruck, a company in which the CEO Dr. Michael Hofer holds 100% of the shares, on the provision of a Management Board member.

In the fiscal year 2011/12, BRAIN FORCE HOLDING AG together with HOFER Management GmbH, Vöcklabruck, founded Network Performance Channel GmbH, Vöcklabruck. The shareholding of BRAIN FORCE HOLDING AG in Network Performance Channel GmbH is 74%, HOFER Management GmbH holds 26% of the shares.

Based on the mandate agreement entered into in August 2011 on the provision of M&A advisory services, OCEAN Advisory GmbH, Vienna, invoiced advisory services in the amount of EUR 53,862 in the fiscal year 2011/12. The compensation is stipulated at arm's length. The Supervisory Board member Josef Blazicek is shareholder of OCEAN Advisory GmbH, Vienna.

Individual services were rendered between BRAIN FORCE HOLDING AG and CROSS Industries AG, Wels, which holds 50% of the shares in CROSS Informatik GmbH, Wels, and the associate SolveDirect Service Management GmbH, Vienna, the extent of which has an insignificant impact on the financial position.

(37) Share-based compensation

Currently, a share-based compensation plan for employees of BRAIN FORCE HOLDING AG is not in place. Consequently, neither the members of the Management Board nor of the Supervisory Board hold any option rights at the balance sheet date.

(38) Commitments from leasing transactions

Operating lease commitments or rents in EUR	30.9.2012	30.9.2011
Not later than one year	3,064,142	2,990,481
Later than 1 and not later than 5 years	7,475,840	7,533,426
Later than 5 years	325,745	2,121,332

(39) Employees

	Average		At the balance sheet date	
	2011/12	2010/11	30.9.2012	30.9.2010
Number of employees (salaried)	518	505	517	530

(40) Events after the balance sheet date

On October 5, 2012 BRAIN FORCE HOLDING AG announced the extension of the management board contract with Dr. Michael Hofer until December 31, 2013.

(41) Authorisation for issue

These consolidated financial statements were prepared, signed and authorised for issue by the Management Board at the date indicated below. The separate financial statements of the parent company, which after the adoption of the applicable accounting standards were also included in the consolidated financial statements, together with these consolidated financial statements, will be submitted to the Supervisory Board for review and regarding the separate financial statements also for adoption on December 6, 2012. The Supervisory Board and, in case of submittal to the Annual General Meeting, the shareholders can change these separate financial statements in a way which might also affect the presentation of the consolidated financial statements.

(42) Members of the Management Board and Supervisory Board

In the fiscal year from October 1, 2011 to September 30, 2012, the following persons served on the Management Board:

- ▶ Dr. Michael Hofer, Vöcklabruck, CEO
- ▶ Mag. Thomas Melzer, Vienna, CFO until December 31, 2011
- ▶ Mag. Hannes Griesser, Stockerau, CFO since January 1, 2012

In the fiscal year 2011/12, the following persons served on the Supervisory Board:

- ▶ Dipl.-Ing. Stefan Pierer, Wels, chairman
- ▶ Mag. Friedrich Roithner, Linz, deputy chairman
- ▶ Dr. Christoph Senft, Angerberg
- ▶ Josef Blazicek, Perchtoldsdorf
- ▶ Mag. Wolfgang M. Hickel, Vienna, until March 1, 2012

Vienna, November 29, 2012

The Management Board:



Dr. Michael Hofer



Mag. Hannes Griesser

Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BRAIN FORCE HOLDING AG, Vienna, for the fiscal year from October 1, 2011 to September 30, 2012. These consolidated financial statements comprise the consolidated balance sheet as of September 30, 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended September 30, 2012, and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

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

Auditor's Responsibility and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing (ISA), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of September 30, 2012 and of its financial performance and its cash flows for the fiscal year from October 1, 2011 to September 30, 2012 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, November 29, 2012

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft



Mag. Jürgen Schauer
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication of the financial statements together with our auditor's opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB applies.

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Glossary

ATX: "Austrian Traded Price Index"; benchmark index of the Vienna Stock Exchange

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

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

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

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

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

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

Capital Employed: Equity + interest-bearing debt - liquid funds and financial assets; the entire interest-bearing capital applied in the company

Cash flow: Indicator for corporate analyses; describes the increase in cash and cash equivalents in an accounting period

Cloud Computing: Describes the approach to make available IT infrastructures dynamically adapted to actual requirements via a network

Corporate Governance: Behavioral rules underlying responsible management and control of companies, laid out in the Austrian Corporate Governance Code, which is comprised of voluntary guidelines

CRM: "Customer Relationship Management"; documentation and management of customer relations

EBIT: "Earnings Before Interest and Tax"; operating profit

EBITDA: "Earnings Before Interest, Tax, Depreciation and Amortization"; operating profit before depreciation/amortization = gross cash flow

EBITDA-Marge: EBITDA in relation to revenues

Eigenkapitalquote: An indicator measuring the ratio of equity to total assets

EPS: "Earnings Per Share", profit after tax divided by the weighted number of shares less treasury stock

Equity-Method: Method of reporting shares held in companies, in which the shareholder exerts a significant influence. The stakes in these strategic investments usually range between 20% and 50%

ERP: "Enterprise Resource Planning"; application software for resource planning in companies

FFO: "Funds from Operations"; Gross cash flow

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

Gearing: Ratio of net debt to equity

IFRS: International Financial Reporting Standards

Infrastructure Optimization: BRAIN FORCE business area with solutions, which enable companies to achieve a well-manageable and efficient IT infrastructure

Interest Cover: Ratio of operating EBITDA to the net interest result; shows how often the operating result of a company can pay for the interest expense

ICT: Information and communication technology

Jupiter: BRAIN FORCE asset management solution for banks

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

Microsoft Dynamics AX: "Microsoft Dynamics Axapta", ERP solutions for big enterprises

Microsoft Dynamics NAV: "Microsoft Dynamics Navision", ERP solution for medium-sized businesses

Net debt: Financial liabilities - cash and cash equivalents

NOPAT: "Net Operating Profit After Tax"; EBIT after tax

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

Professional Services: BRAIN FORCE business area for recruitment and supply of IT experts

Rebecca: BRAIN FORCE solution for credit processing (mortgage management)

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

SolveDirect: The strategic investment SolveDirect is the specialist for smart service integration and offers innovative service management solutions on a SaaS basis

Tap: "Test Access Port"; solution to analyze high speed networks

Treasury: German share index for technology companies

WACC: "Weight Average Cost of Capital"; average costs of capital which a company must pay to finance its external borrowing and equity on financial markets

Working Capital: Inventories + trade receivables + current other liabilities - trade payables - non-current other liabilities

Xetra: "Exchange Electronic Trading"; electronic trading system of the German Deutsche Börse AG which is also used by the Vienna Stock Exchange

Financial Calendar

Date	Event
December 19, 2012	Annual Report 2011/12 and Annual Financial Report
February 15, 2013	Report on the first quarter of 2012/13
February 28, 2013	15th Annual General Meeting
March 5, 2013	Ex-dividenden day
March 7, 2013	Dividend payment day
May 15, 2013	Six months report 2012/13
August 14, 2013	Report on the first three quarters of 2012/13
December 19, 2013	Annual Report 2012/13 and Annual Financial Report

Imprint

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