

BRAIN FORCE
BRAIN FORCE HOLDING AG



Report on the 1st quarter

2013/14

BRAIN FORCE Key Data

| Earnings Data | | 10-12/2013 | 10-12/2012 | Change in % | 2012/13 |
|-------------------------|---------------------|------------|------------|-------------|---------|
| Revenues | <i>in € million</i> | 24.99 | 21.56 | +16 | 88.38 |
| EBITDA | <i>in € million</i> | 1.39 | 0.96 | +45 | 4.52 |
| EBIT | <i>in € million</i> | 0.98 | 0.48 | >100 | 2.87 |
| Profit before tax | <i>in € million</i> | 0.95 | 0.10 | >100 | 3.98 |
| Profit after tax | <i>in € million</i> | 0.45 | 0.07 | >100 | 2.67 |
| Earnings per share | <i>in €</i> | 0.03 | 0.00 | >100 | 0.17 |
| Investments | <i>in € million</i> | 0.23 | 0.33 | -30 | 1.52 |
| Employees ¹⁾ | | 832 | 766 | +9 | 784 |

| Balance Sheet Data | | 12/31/2013 | 9/30/2013 | Change in % |
|-------------------------------|---------------------|------------|-----------|-------------|
| Equity | <i>in € million</i> | 19.58 | 19.23 | +2 |
| Net debt | <i>in € million</i> | 6.16 | 5.23 | +18 |
| Working capital ²⁾ | <i>in € million</i> | 0.67 | -0.55 | >100 |
| Balance sheet total | <i>in € million</i> | 48.55 | 42.95 | +13 |
| Equity ratio | <i>in %</i> | 40.32 | 44.77 | -10 |
| Employees ³⁾ | | 839 | 804 | +4 |

| Stock Exchange Data ⁴⁾ | | 10-12/2013 | 2012/13 | Change in % |
|-----------------------------------|---------------------|------------|---------|-------------|
| Share price high | <i>in €</i> | 1.78 | 0.93 | +91 |
| Share price low | <i>in €</i> | 0.84 | 0.58 | +45 |
| Share price at year-end | <i>in €</i> | 1.78 | 0.84 | >100 |
| Shares outstanding (weighted) | <i>in 1,000</i> | 15,387 | 15,387 | 0 |
| Market capitalization at year-end | <i>in € million</i> | 27.39 | 12.92 | >100 |

| Segments 10-12/2013 <i>in € million</i> | Germany | | Italy | | The Netherlands | | Central East Europe | | Holding and Other | |
|--|---------|--------|-------|---------|-----------------|---------|---------------------|--------|-------------------|---------|
| Revenues (consolidated) | 12.41 | (+7%) | 6.92 | (+9%) | 5.05 | (+82%) | 0.61 | (-25%) | 0 | - |
| EBITDA | 1.18 | (+76%) | 0.62 | (+66%) | 0.18 | (>100%) | 0.02 | (-87%) | -0.61 | (>100%) |
| EBIT | 1.04 | (+97%) | 0.46 | (>100%) | 0.10 | (>100%) | 0.00 | (-96%) | -0.62 | (>100%) |
| Investments | 0.06 | (-31%) | 0.08 | (-28%) | 0.08 | (-18%) | 0.01 | (-69%) | 0.00 | (0%) |
| Employees ¹⁾ | 400 | (+14%) | 323 | (+8%) | 91 | (+9%) | 17 | (-41%) | 1 | (-75%) |

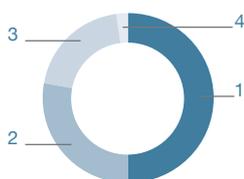
1) Average number of employees (salaried and free-lance) during the period

2) Inventories + trade receivables + current other receivables - trade payables - current other payables

3) Number of employees at reporting date

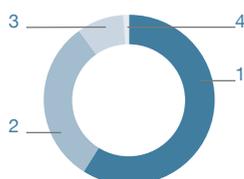
4) Vienna Stock Exchange

Revenues by regions



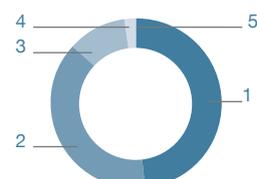
- 1 Germany 50%
- 2 Italy 28%
- 3 The Netherlands 20%
- 4 Central East Europe 2%

EBITDA by regions



- 1 Germany 59%
- 2 Italy 31%
- 3 The Netherlands 9%
- 4 Central East Europe 1%

Employees by segments



- 1 Germany 48%
- 2 Italy 38%
- 3 The Netherlands 11%
- 4 Central East Europe 2%
- 5 Holding and Other 0%

Management Report

Financial performance in the first three months (October to December 2013)

In the first three months of fiscal year 2013/2014 the BRAIN FORCE Group generated revenues in the amount of € 24.99 m, which is an increase of 16% compared to the same period of the previous year. In particular the operative divisions in the Netherlands recorded a significant revenue growth during this period.

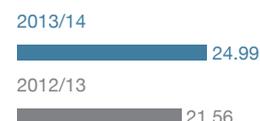
In the reporting period the EBITDA rose from € 0.96 m to € 1.39 m; the operating result (EBIT) more than doubled and improved from € 0.48 m to € 0.98 m. The improvement of the operating results is attributable – besides the increase in revenues – to the profitable business in the aviation sector in Germany.

The financial result increased from € -0.20 to € -0.03 m.

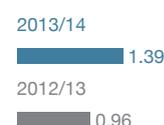
In total, the Group generated a profit before taxes of € +0.95 m compared to € +0.10 m in the previous year. The profit after taxes amounted to € +0.45 m compared to € +0.07 m in the same period of the previous year.

Earnings per share amounted to € 0.03 (previous year: € 0).

Revenues 3M in € million



EBITDA 3M in € million



Cash flow

In the first three months the cash flow from continuing operations decreased by € 0.01 m from € 0.93 m to € 0.92 m. The cash flow from operating activities (operating cash flow) amounted to € 1.15 m compared to € 1.07 m in the previous year.

The cash flow from investing activities amounted to € -0.23 m (previous year: € -0.29 m). Capital expenditures on property, plant and equipment and other intangible assets amounted to € 0.23 m compared to € 0.33 m in the previous year.

The cash flow from financing activities amounted to € 0.66 m (previous year: € +0.62 m). As of December 31, 2013 BRAIN FORCE Group held € 7.54 m of cash. (30.09.2013: € 5.96 m)

Financial position and financial performance

As at December 31, 2013 the Group's balance sheet total amounted to € 48.55 m; the Group's equity totaled € 19.58 m, the equity ratio was 40%.

The working capital (inventories plus trade receivables plus other current receivables less trade payables and other current liabilities) increased in the first three months from € -0.55 m to € +0.67 m, which can be mainly attributed to the increase in trade receivables (€ +3.19 m) as well as the increase of other receivables and assets (€ +2.25 m). Trade payables and other current liabilities increased in the first three months by € +2.62 m respectively € 1.92 m. As of the reporting date on December 31, 2013 the cash and cash equivalent less financial liabilities (net payments) amounted to € +6.16 m whereas net financial means amounted to € 5.23 m on September 30, 2013.

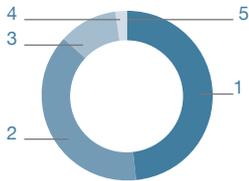
Equity in € million



Research and Development

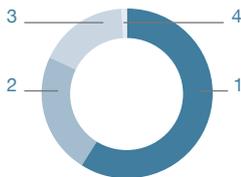
The subsidiaries ensure that all software products are kept up to date. This applies in particular in Italy to the add-ons for Microsoft Dynamics AX and NAV.

Employees by segments
12/31/2013



- 1 Germany 48%
- 2 Italy 38%
- 3 The Netherlands 11%
- 4 Central East Europe 2%
- 5 Holding and Other 0%

Order intake by regions
12/31/2012



- 1 Germany 59%
- 2 Italy 23%
- 3 The Netherlands 17%
- 4 Central East Europe 1%

Human Resources

As of December 31, 2013 the BRAIN FORCE Group employed 839 (salaried and free) employees, which is approximately 4% above the level of September 30, 2013. In our largest markets Germany and Italy the number of employees as of December 31, 2013 increased by 14% and 8%. The number of employees increased in the Netherlands by about 9% but decreased in Central East Europe by 41%. The segment Holding and Others had one employee as of the reporting date 31.12.2013 compared to 4 employees at December 31, 2012

The total average number of employees therefore amounted to 832, which is 9% above previous year's level.

Order Intake

As of December 31, 2013 the order volume at Group level reached € 23.96 m and increased by 6% compared to December 31, 2012.

Compared to December 31, 2012 a considerable increase of 69% and 33% was achieved in the Netherlands and Italy. In Germany the order intake decreased by about 11%; Central East Europe recorded a decrease in order intakes by € 0.02 m compared to the previous year.

Outlook

An ongoing positive development is expected for the second quarter 2013/14 based on the stable development of all companies. This relates in particular to the sector Professional Service in Germany where it can be attributed to the rollout in the aviation sector. The telecommunications and financial sectors now register a positive trend since the downturn seems to have bottomed out. Italy also registers a stable development despite a tense economic situation.

Quarterly Report (IFRS) of the BRAIN FORCE Group

| Group Income Statement in EUR | 10-12/2013 | 10-12/2012 |
|---|------------------|------------------|
| Revenues | 24,989,413 | 21,556,142 |
| Cost of sales | -19,817,575 | -17,306,701 |
| Gross profit | 5,171,838 | 4,249,441 |
| Selling expenses | -2,075,505 | -1,777,309 |
| Administrative expenses | -1,971,500 | -1,901,772 |
| Other operating expenses | -227,899 | -94,539 |
| Other operating income | 85,497 | 0 |
| Operating profit | 982,430 | 475,821 |
| Financial income | 2,630 | 797 |
| Financial expenses | -36,520 | -203,886 |
| Financial result | -33,890 | -203,089 |
| Result from associates | 0 | -174,657 |
| Profit/loss before tax | 948,540 | 98,075 |
| Income taxes | -499,636 | -30,151 |
| Profit/loss after tax | 448,904 | 67,924 |
| thereof owners of the parent | 448,904 | 49,128 |
| thereof non-controlling interests | 0 | 18,796 |
| Earnings per share - undiluted and diluted | 0.03 | 0.00 |

| Statement of Comprehensive Income in EUR | 10-12/2013 | 10-12/2012 |
|---|----------------|---------------|
| Profit/loss after tax | 448.904 | 67.924 |
| Currency translation differences | -11.488 | -542 |
| Changes in fair values of available-for-sale financial assets | 0 | -347 |
| Expenses and sales transferred to profit and loss | -11.488 | -889 |
| Actuarial losses | -92.238 | 0 |
| Expenses and sales not transferred to profit and loss | -92.238 | 0 |
| Other result | -103.726 | -889 |
| Comprehensive income/loss | 345.178 | 67.035 |
| thereof owners of the parent | 345.178 | 48.239 |
| thereof non-controlling interests | 0 | 18.796 |

| Key ratios by segment 10-12/2013 in EUR | Germany | Italy | The Netherlands | Central East Europe | Holding and Others | Group |
|---|------------|-----------|-----------------|---------------------|--------------------|-------------------|
| Revenues (consolidated) | 12,414,482 | 6,921,474 | 5,047,893 | 605,564 | 0 | 24,989,413 |
| EBITDA | 1,176,098 | 618,673 | 184,210 | 18,409 | -610,769 | 1,386,621 |
| EBIT | 1,037,895 | 455,856 | 101,292 | 4,440 | -617,053 | 982,430 |
| Depreciation and amortization | -138,203 | -162,817 | -82,918 | -13,969 | -6,284 | -404,191 |

| Key ratios by segment 10-12/2012 in EUR | Germany | Italy | The Netherlands | Central East Europe | Holding and Others | Group |
|---|------------|-----------|-----------------|---------------------|--------------------|-------------------|
| Revenues (consolidated) | 11,607,640 | 6,361,443 | 2,775,889 | 811,170 | 0 | 21,556,142 |
| EBITDA | 669,809 | 372,480 | 48,970 | 143,178 | -278,370 | 956,067 |
| EBIT | 526,151 | 200,159 | -76,484 | 115,100 | -289,105 | 475,821 |
| Depreciation and amortization | -143,658 | -172,321 | -125,454 | -28,078 | -10,735 | -480,246 |

| Cash Flow Statement in EUR | 10-12/2013 | 10-12/2012 |
|---|------------------|------------------|
| Profit / loss before tax | 948,540 | 98,075 |
| Depreciation and amortization | 404,191 | 480,246 |
| Financial result | 33,890 | 203,089 |
| Result from associates | 0 | 174,657 |
| Gains / losses from the disposal of property, plant and equipment and intangible assets | -432 | -9,729 |
| Changes in non-current provisions and liabilities | -468,632 | -12,931 |
| Gross cash flow of continuing operations | 917,557 | 933,407 |
| Changes in inventories | -320,976 | -17,487 |
| Changes in trade receivables | -3,193,008 | -753,013 |
| Changes in trade payables | 2,622,581 | 1,352,992 |
| Changes in other current assets and liabilities | 1,669,063 | -219,551 |
| Currency translation differences | -11,186 | -543 |
| Net interest paid | -33,890 | -203,089 |
| Income taxes paid | -499,636 | -20,143 |
| Cash flow from operating activities of continuing operations | 1,150,506 | 1,072,573 |
| Investments in property, plant and equipment and other intangible assets | -228,805 | -326,232 |
| Sale of property, plant and equipment and other intangible assets | 493 | 32,972 |
| Sale of shares of associates | 0 | 1,000 |
| Cash flow from investing activities of continuing operations | -228,312 | -292,260 |
| Increase in financial liabilities | 655,761 | 641,214 |
| Repayment of financial liabilities and bank overdrafts | 0 | -18,827 |
| Dividends paid | 0 | 0 |
| Capital increase | 0 | 0 |
| Purchase of treasury shares | 0 | 0 |
| Cash flow from financing activities of continuing operations | 655,761 | 622,387 |
| Change in cash and cash equivalents from continuing operations | 1,577,955 | 1,402,700 |
| Cash and cash equivalents at the beginning of the period | 5,964,930 | 5,617,472 |
| Change in cash and cash equivalents | 1,577,955 | 1,402,700 |
| Cash and cash equivalents at the end of the period | 7,542,885 | 7,020,172 |

| Balance Sheet in EUR | 12/31/2013 | 9/30/2013 |
|---|-------------------|-------------------|
| ASSETS | | |
| Property, plant and equipment | 1,165,717 | 1,210,227 |
| Goodwill | 11,001,151 | 11,001,151 |
| Other intangible assets | 2,315,547 | 2,446,787 |
| Investments in associates | 0 | 0 |
| Financial assets | 0 | 0 |
| Other receivables and assets | 92,678 | 1,623,994 |
| Deferred tax assets | 557,249 | 593,160 |
| Non-current assets | 15,132,342 | 16,875,319 |
| Inventories | 848,886 | 527,910 |
| Trade receivables | 20,445,724 | 17,252,717 |
| Other receivables and assets | 4,576,562 | 2,330,670 |
| Receivables from affiliated companies | 0 | 0 |
| Cash and cash equivalents | 7,542,885 | 5,964,930 |
| Current assets | 33,414,057 | 26,076,227 |
| Total assets | 48,546,399 | 42,951,546 |
| EQUITY AND LIABILITIES | | |
| Share capital | 15,386,742 | 15,386,742 |
| Reserves | 6,410,922 | 6,514,648 |
| Retained earnings | -2,222,081 | -2,670,985 |
| Owners of the parent | 19,575,583 | 19,230,405 |
| Non-controlling interests | 0 | 0 |
| Equity | 19,575,583 | 19,230,405 |
| Financial liabilities | 0 | 0 |
| Other liabilities | 147,360 | 560,587 |
| Provisions for post-employment benefits | 1,434,000 | 1,397,167 |
| Deferred tax liabilities | 247,735 | 5,865 |
| Non-current liabilities | 1,829,095 | 1,963,619 |
| Financial liabilities | 1,386,828 | 731,067 |
| Trade payables | 14,388,267 | 11,765,687 |
| Payables from affiliated companies | 0 | 0 |
| Other liabilities | 10,812,048 | 8,892,983 |
| Income tax provisions | 483,576 | 296,784 |
| Other provisions | 71,002 | 71,001 |
| Current liabilities | 27,141,721 | 21,757,522 |
| Total equity and liabilities | 48,546,399 | 42,951,546 |

| Changes in equity in EUR | Owners of the parent | | | | Non-controlling interests | Total equity |
|-------------------------------------|----------------------|------------------|-----------------|-------------------|---------------------------|-------------------|
| | Share capital | Share premium | Other reserves | Retained earnings | | |
| Balance 10/1/2012 | 15,386,742 | 7,670,288 | -314,805 | -6,150,772 | 15,384 | 16,606,837 |
| Comprehensive income 10-12/2012 | 0 | 0 | -889 | 49,128 | 18,796 | 67,035 |
| Balance 12/31/2012 | 15,386,742 | 7,670,288 | -315,694 | -6,101,644 | 34,180 | 16,673,872 |
| Transfer of reserves | 0 | -816,246 | 0 | 816,246 | 0 | 0 |
| Change in non-controlling interests | 0 | 0 | 0 | -10,616 | -34,180 | -44,796 |
| Comprehensive income 1-9/2013 | 0 | 0 | -23,700 | 2,625,029 | 0 | 2,601,329 |
| Balance 9/30/2013 | 15,386,742 | 6,854,042 | -339,394 | -2,670,985 | 0 | 19,230,405 |
| Comprehensive income 10-12/2013 | 0 | 0 | -103,726 | 448,904 | 0 | 345,178 |
| Balance 12/31/2013 | 15,386,742 | 6,854,042 | -443,120 | -2,222,081 | 0 | 19,575,583 |

Notes to the Accounts for the first quarter

Accounting and Measurement Principles

This interim report of BRAIN FORCE HOLDING AG as at December 31, 2013 has been prepared in accordance with the principles contained in the International Financial Reporting Standards (IFRS), as stipulated in IAS 34, "Interim Financial Reporting". The accounting and measurement principles, which were applied in the annual report as at 30.09.2013, remain unchanged. For more information on accounting and measurement principles, please refer to the consolidated financial statements as at 30.09.2013, which serve as the basis for this interim report.

Consolidated Group

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

The consolidated Group changed as follows compared to the reporting date of 30.09.2013:

With regard to an adjustment of the shareholding structure under company law to the future shareholding structure of the operative segments subject to a reporting obligation, BRAIN FORCE HOLDING AG transferred its shares in Network Performance Channel GmbH, Germany, Neulsenburg, to Network Performance GmbH, Austria, Vöcklabruck, by notarial deed dated October 28, 2013.

Moreover, the shares in BRAIN FORCE GmbH, Austria, Neulengbach (100%), in BRAIN FORCE SOFTWARE s.r.o., Czech Republic, Prague (99% share) as well as in Brain Force Software s.r.o., Slovakia, Bratislava (0.46% share), which had previously been directly held by BRAIN FORCE HOLDING AG, were sold to BRAIN FORCE Software GmbH, Germany, Munich, by purchase and share purchase agreements, dated November 13, 2013, respectively.

Consequently, the consolidated financial statements as of December 31, 2013 still include BRAIN FORCE HOLDING AG and 9 companies (30.09.2013: 9), thereof 7 foreign (30.09.2013: 7) and 2 Austrian companies (30.09.2013: 2), which are fully consolidated. As of December 31, 2013 no company (30.09.2013: 0) is included at-equity in the consolidated financial statements.

Comments on the Group Income Statement

In the first three months of fiscal year 2013/14 Group revenues increased by 16% to € 24.99 m compared to the previous year. The EBITDA rose from € 0.96 m to € 1.39 m. The operating result (EBIT) improved from € 0.48 m to € 0.98 m.

In the first quarter of 2013/14 the financial result amounted to € -0.03 m compared to € -0.20 m in the previous year. The result from associated companies improved by € 0.17 m. The Group result before taxes improved from € 0.10 m to € + 0.95 m. In the first three months the result after taxes reached € 0.45 m compared to € 0.07 m in the previous year.

Segment Information

BRAIN FORCE HOLDING AG reports according to geographic segments in accordance with the management approach contained in the stipulations of IFRS 8. Segment earnings are reported before brand licensing costs and intercompany charges. Segment information is included in this report directly after the statement of comprehensive income.

Comments on the Cash Flow Statement

In the first three months the cash flow from continuing operations reached € +0.92 m and was therefore € 0.01 m below previous year's level of € +0.93 m. The cash flow from operating activities amounted to € +1.15 m compared to € +1.07 m in the previous year. The increase in results compared to the previous year had a positive effect in this respect, whereas the increase of the working capital affected the cash flow negatively.

The cash flow from investing activities amounted to € -0.23 m compared to € -0.29 m in the previous year. Investments in property, plant and equipment and other intangible assets decreased from € 0.33 m to € 0.23 m. The cash flow from financing activities amounted to € 0.66 m.

Comments on the Group Balance Sheet

As of the reporting date the balance sheet total was € 48.55 m, which is an increase of 13% compared to September 30, 2013. Non-current assets made up 31% of total assets and amounted to € 15.13 m compared to € 16.88 m as of September 30, 2013. Property, plant and equipment and other intangible assets decreased by € 0.18 m. Investments in property, plant and equipment and other intangible assets in the amount of € 0.23 m are offset against scheduled depreciation in the amount of € 0.40 m. The company's goodwill remains unchanged with € 11.00 m.

Current assets comprised 69% of total assets as of December 31, 2013. As of the reporting date trade receivables and services increased by € 3.19 m to € 20.45 m or 42% of total assets compared to September 30, 2013. Cash and cash equivalents increased compared to the balance sheet date September 30, 2013 and amounted to € 7.54 m (September 30, 2013: € 5.96 m). Net financial means (financial means less financial liabilities) as of December 31, 2013 amounted to € 6.16 m compared to net financial means of € 5.23 m as of September 30, 2013.

As of December 31, 2013 the Group equity according to IFRS amounted to € 19.58 m, which equals an equity ratio of 40%. Non-current liabilities decreased from € 1.96 m to € 1.83 m.

Current liabilities rose by € 5.38 m to € 27.14 m. Moreover, trade liabilities and services increased by € 2.62 m to € 14.39 m and other liabilities rose by € 1.92 m to € 10.81 m.

As of December 31, 2013 the number of outstanding shares was 15,386,742; the authorized capital amounted to € 7,693,371.

Audit Waiver for the Interim Report

This interim report as at December 31, 2013 was neither audited nor subject to an auditor's review.

Other Disclosures

At the 15th ordinary general meeting of BRAIN FORCE HOLDING AG on February 28, 2013, among other things, a resolution, which authorizes the CEO to purchase own shares, was passed. This right has not been exerted yet.

On October 23, 2013 the chairman of the management board Mr. Michael Hofer has acquired 2.692.695 shares of BRAIN FORCE HOLDING AG. This equals voting rights and a share capital participation in BRAIN FORCE HOLDING AG of approximately 17.5%.

In its meeting held on December 12, 2013, the Supervisory Board of BRAIN FORCE HOLDING AG has approved the mutual termination of the management contract with Mr. Hannes Griesser, as at December 31, 2013. Mrs. Michaela Friepeß was appointed as Chief Financial Officer as of today until December 31, 2016. In addition it was resolved to extend the contract of the Chief Executive Officer Michael Hofer until December 31, 2016.

Vienna, February 14, 2014

The Management Board



Michael Hofer



Michaela Friepeß

Financial Calendar

| Date | Event |
|-------------------|---|
| February 14, 2014 | Report on the first quarter of 2013/14 |
| March 5, 2014 | General Meeting |
| March 10, 2014 | Ex-dividend day |
| March 12, 2014 | Dividend payment day |
| May 15, 2014 | Six months report 2013/14 |
| August 29, 2014 | Report on the first three quarters of 2013/14 |
| December 12, 2014 | Annual Report 2013/14 and Annual Financial Report |

Information on the Company and the BRAIN FORCE Share

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