

Brainspark plc
("Brainspark" or "the Company")

INTERIM RESULTS
For the 6 Months Ended 30 June 2011

Brainspark plc (AIM: BSP), a fast growing international investment company, announces its interim results for the 6 months ended 30 June 2011.

The Company has today also published its Annual Report for the year ended 31 December 2010. A printed copy of the Annual Report will be sent to shareholders today.

Following publication of the Annual Report and announcement of the interim results, the Company's ordinary shares will be restored to trading on AIM with effect from at 7.30 a.m. today.

Operational Review

On 24 February 2011 Brainspark increased its stake in Bibop by 1.56% taking its holding to 51.76% of Bibop's share capital. The shares were bought from Mr Giuliano Borsari. On 26 May, this holding was increased to 93.78% after the Group exercised its right to the remaining 42.03 per cent. owned by Digital Magics. The consideration was EUR 1 million in Brainspark ordinary shares (1.76m shares), and a EUR1 million cash payment to be made within the next 270 days. On 27 June, the Group sold a 27.54% in Bibop to Cambria Ltd, a UK private equity fund for EUR 1.9 million, reducing its holding to 66.12%.

On 1 March 2011, the Company invested a further EUR180,000 in Ondaland, Italy's largest water theme park, representing the Company's 20% participation to a EUR 900,000 capital raise. This new funding has been used by the owners of Ondaland to install a new ride in the park.

On 3 March 2011, Brainspark announced that it had bought a 20% in ORH S.r.l. ("Ora"), a successful hotel and travel business, which owns the Ora Hotel Group, managing nearly 50 hotels across Italy and around the world, and a medium sized Italian travel operator, called Staff & Co Ltd. The Group paid EUR 1 million in cash.

During 2010, Ora reported revenues of EUR 25 million and an EBITDA of EUR 750,000. The company was founded in 2006 and runs 18 hotels under direct management, with the remaining hotels run through a fast growing franchise operation. Its Catania hotel in Sicily has recently been awarded Best Luxury Spa Hotel in Italy.

On 7 March 2011, the Group announced that it entered into a contract to acquire 30% of the issued share capital of Mobnotes S.r.l. ("Mobnotes"), an Italian mobile location based application company. Brainspark agreed to pay a total consideration of EUR 600,000 in cash and shares.

Mobnotes has seen a rapid take up since its inception, with more than 150,000 registered users in Italy, working in conjunction with the major mobile handset manufacturers and networks. In 2008, the company was a finalist of the TechCrunch50 (San Francisco), being selected for the international contest, out of a field of 1,500 other start-ups.

The company provides geo-social network services allowing users to locate nearby friends, shops, restaurants, etc. and send notifications if desired. Mobnotes also links into various

social networking sites to identify the location of friends. The company generates revenue through mobile advertising and custom co-branded solutions for platform licensing due to the unique dimension provided by its localisation services.

Mobnotes expects revenues of EUR 590,000 in 2011, which is expected to rise to over EUR 2.5 million by 2012, and is forecasted to become profitable in 2012, with an expected EBITDA of EUR 650,000, demonstrating its excellent growth prospects.

On 31 March 2011, Brainspark announced that it agreed a contract with Gabbrielli & Associati of Milan to acquire 71,580 shares in B'Parks & Leisure S.A. (Mediapolis) equivalent to 16.37% of B'Parks & Leisure, taking Brainspark's holding in the company to 71.72%. Consideration for the acquisition was satisfied by the issue of 2,015,000 Brainspark new ordinary shares, at a price of 50 pence per share.

On 27 May 2011, the Group announced it subscribed to an increase in capital of EUR 2.5 million in Mediapolis, bringing the Company's direct and indirect holding in Mediapolis to just over 75 per cent. of the issued share capital.

On 28 June, the Group increased its interest in Ora Hotels to 51% from 20%. Payment was satisfied by the issue of 9.75 million Brainspark ordinary shares and EUR 1.6 million in cash to be paid before 20 December 2011.

The Group has additionally invested strategically to bring in companies which can provide expertise in areas such as financial control, management services, building contractors and commercial construction. A new wholly owned subsidiary, Brainspark Consulting Ltd has been created to own the assets of these companies, namely Class Finance S.r.l., Sforza S.r.l. and Wall S.r.l. It is the belief of the Board that they will give Brainspark better control over its investment portfolio.

Financial Review

The consolidated net asset value at 30 June 2011 was £15.9 million, up from £9.50 million at 30 June 2010.

The Group made a loss before taxation in the period of £438,000 compared to a total comprehensive loss at 31 December 2010 of £2.8million.

Post Balance Sheet Events

Since the period end, the Group has invested in two new assets; these being a chain of Italian sushi restaurants and a number of holiday villas in Sardinia; it has disposed of its shareholding in Cogeme SET and has agreed a favourable settlement with Italian football club AC Ancona. The Group's interactive media company, Bibop has begun work with two Chinese television and film studios with plans to launch MyCast in this country in 2012.

On 8 November the Group sold the land assets of the Mediapolis development to an Italian real estate fund for EUR 28 million, a multiple of three times its original investment. The consideration will be in shares of the fund which the Group considers a liquid asset and will be used to acquire more assets in the leisure and real estate sectors.

Name	Stake	Division
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B'Parks & Leisure	75.0%	Leisure / Real Estate
Mediapolis S.p.A.	1.79%	Leisure / Real Estate
Ondaland	20.0%	Leisure / Real Estate
Ora Hotel Group	51.0%	Leisure / Real Estate
Indian Restaurant Group plc	29.9%	Leisure / Real Estate
Ancona	44.8%	Leisure
Bibop	68.12%*	Interactive Media
Filmmaster TV	10%	Interactive Media
Geosim	13%	Interactive Media
Vyke Communications plc	12.71%**	Interactive Media
Moggle	2.5%	Finance
Cogeme SET SpA	7.27%	Finance
Sforza S.r.l.	20.0%	Finance
Class Finance S.r.l.	20.0%	Finance
Wall s.r.l.	20.0%	Finance

*Following sale of shares to Cambrian Ltd on 20 June 2011

** Delisted from AIM on 19 April 2011

Board Appointments

On 22 February 2011 Francesco Gardin resigned as Chairman and was replaced by Alfredo Villa, who took up the joint role of Chairman and CEO. At the same time Gabriele Gresta, an Italian business man and leading figure in the world of digital media joined the Board as a Non-Executive Officer.

Other relevant appointments in line with the Group's strategy of asserting greater influence on its investment companies are as follows: Alfredo Villa is Chairman of B'Parks & Leisure, Haresh Kanabar, a Non-Executive Officer of Brainspark, is Chairman of Indian Restaurant Group plc, while Alfredo Villa has been appointed as CEO of this company on 14 April 2011.

Outlook

Following the successful sale of the Mediapolis assets, the Group now has access to new funding which it will use to increase its holdings in certain vehicles to become the majority shareholder; allowing it to direct the strategy of these companies in order to deliver value to shareholders.

Brainspark continues to look for new investment opportunities in sectors within or closely relating to leisure and real estate. Its strategy remains the same; to become a leading UK investment company within these sectors.

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About Brainspark Plc

Brainspark plc (AIM: BSP) is an AIM listed investment company pursuing a dynamic strategy to create a comprehensive portfolio of companies primarily encompassing the leisure and real estate sectors mainly in Italy but also other European countries. The company may be either a passive or active investor and Brainspark's investment rationale ranges from acquiring minority positions with strategic influence through to larger controlling positions.

Financial Statements

Consolidated Statement of Comprehensive Income for the six months ended 30 June 2011

	Note	Six months to 30 June 2011 (Unaudited) £'000	Six months to 30 June 2010 (Unaudited) £'000	Year ended 31 December 2010 (Audited) £'000
Continuing operations				
Commission		-	-	75
Finance charges		(250)	-	(386)
Impairment charges		(312)	-	(6,192)
(Loss) /gain on disposal of investments		340	(338)	(449)
Other operating expenses		(216)	(566)	(1,334)
Loss before tax		(438)	(904)	(8,286)
Tax		-	-	-
Loss for the period from continuing operations		(438)	(904)	(8,286)
Loss for the period		(438)	(904)	(8,286)
Other comprehensive income				
Net value (loss)/gain on available for sale investments		-	(1,488)	5,460
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(438)	(2,392)	(2,826)
Loss attributable to:				
Equity holders of the parent		(438)	(2,392)	(8,286)
Total comprehensive income attributable to:				
Owners of the company		(438)	(2,392)	(2,826)
Loss per share				
Basic and diluted loss per 2.5p ordinary share	3	(0.03p)	(57p)	(86p)

Consolidated Statement of Financial Position at 30 June 2011

	Notes	Six months to 30 June 2011 (Unaudited) £'000	Six months to 30 June 2010 (Unaudited) £'000	Year Ended 31 December 2010 (Audited) £'000
Non-current assets				
Property, plant and equipment		-	-	-
Available for sale investments	4	26,690	16,943	22,126
Total non-current assets		26,690	16,943	22,126
Current assets				
Available for sale investments		-	-	844
Trade and other receivables		85	696	129
Cash and cash equivalents		-	112	-
Total current assets		85	808	973
Current liabilities				
Trade and other payables		(1,584)	(973)	(1,252)
Total current liabilities		(1,584)	(973)	(1,252)
Net current assets		(1,499)	(165)	(279)
Total assets less current liabilities		25,191	16,778	21,847
Non-current liabilities				
Trade and other payables		(9,197)	(7,280)	(7,896)
Net assets		15,994	9,498	13,951
Equity				
Share capital		473	238	344
Share premium account		16,335	11,077	13,983
Other reserves		6,813	6,813	6,813
Equity component of convertible instrument		1,875	-	1,875
Fair value adjustment to available for sale investments		6,311	851	6,311
Retained losses		(15,813)	(9,481)	(15,375)
Equity attributable to equity holders of the parent		15,994	9,498	13,951

Consolidated Statement of changes in equity For the six month period ended 30 June 2011

	Six months to 30 June 2011 (Unaudited) £'000	Six months to 30 June 2010 (Unaudited) £'000	Year ended 31 December 2010 (Audited) £'000
Opening equity attributable to equity holders of the parent	13,951	1,693	1,693
Movement in the period:			
Loss for the period	(438)	(2,392)	(8,286)
Issue and conversion of shares	2,481	10,321	13,354
Cost of share issue	-	(124)	(145)
Equity component of convertible instrument	-	-	1,875
Fair value adjustments to available for sale investments	-	-	5,460
Closing equity attributable to equity holders of the parent	15,994	9,498	13,951

Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Six months to 30 June 2011 (Unaudited) £'000	Six months to 30 June 2010 (Unaudited) £'000	Year ended 31 December 2010 (Audited) £'000
Net cash used in operating activities	(92)	(893)	(1,100)
Cash flows from investing activities			
Proceeds from sale of investments	1,184	997	680
Purchase of investments	(1,092)	(10,238)	(11,910)
Net cash (expended)/generated from investing activities	92	(9,241)	(11,230)
Cash flows from financing activities			
Net proceeds from issue of new ordinary shares and bond placing	-	10,235	2,934
Net proceeds of bond issue	-	-	9,385
Net cash generated from financing activities	-	10,235	12,319
Increase/(decrease) in net cash for the period	-	101	(11)
Cash and cash equivalents at beginning of period	-	11	11
Cash and cash equivalents at end of the period	-	112	-

Notes to the Consolidated Interim financial statements for the six months ended 30 June 2011

1 Accounting policies

Basis of preparation and going concern

This unaudited half yearly report does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2010, which were prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations adopted for use in the European Union. The auditor's report on those accounts was qualified and is appended to these accounts for reference (**See Appendix 1**).

The accounting policies applied in these unaudited half yearly condensed financial statements are consistent with those that the Group used in the Annual Report for the year ended 31 December 2010 and expects to apply in its annual financial statements for the year ending 31 December 2011, which will be prepared in accordance with International Financial Reporting Standards (IFRS), and those parts of the Companies Act 2006 that remain applicable to companies reporting under IFRS.

After making reasonable enquiries and events after the balance sheet date, the Board consider that the group has adequate future resources and facilities to continue in operational existence for the foreseeable future and therefore the financial statements are prepared on a going concern basis.

The directors are satisfied that the group has sufficient future resources, even though at the balance sheet date the group had no liquidity, in order to meet its on-going operating costs and investment funding obligations. The directors are of the opinion that operational liabilities and contractual commitments can be settled from the timely disposal of investments, should the need arise, and from on-going future anticipated rounds of debt or equity funding. Whilst it is difficult to predict the timing of these cash flows, the board have no reason to believe that cash cannot be yielded at critical points to meet liabilities as they fall due. As a consequence, these financial statements are prepared on a going concern basis.

The unaudited half yearly financial statements are presented in pounds sterling as this is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise stated.

2 Segment information

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the geographical segments within the group. The principal categories of these segments are in the UK, USA and Italy.

Information regarding the Group's reportable segments is presented below:

Six month to 30 June 2011 (Unaudited) Segment assets £'000	Six month to 30 June 2010 (Unaudited) Segment assets £'000	Year ended 31 December 2010 (Audited) Segment assets £'000
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United Kingdom	(10,696)	2,442	(7,304)
Continental Europe	26,690	7,056	20,492
USA	-	-	763
	15,994	9,498	13,951

3 Earnings per share

The basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed using the same weighted average number of shares during the period adjusted for the dilutive effect of share warrants and convertible loans outstanding during the period.

The profit and weighted average number of shares used in the calculation are set out below:

	Six months to 30 June 2011 (Unaudited) £'000	Six months to 30 June 2010 (Unaudited) £'000	Year ended 31 December 2010 (Audited) £'000
Loss attributable to ordinary shareholders	(438)	(2,392)	(8,286)
Adjusted loss	(438)	(2,392)	(8,286)
Weighted average number of ordinary shares	11,743	4,165	9,560
Adjusted weighted average number of ordinary shares	11,743	4,165	9,560
Basic loss per share	(0.03p)	(57p)	(87p)
Diluted loss per share	(0.03p)	(57p)	(87p)

IAS 33 requires presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease earnings per share or increase net loss per share. For a loss making company with outstanding share options and warrants, net loss per share would only be increased by the exercise of out-of-the money options and warrants. Since it seems inappropriate that option holders would act irrationally, no adjustment has been made to diluted earnings per share for out-of-the money options and warrants in the comparatives. There are no other diluting share issues, in either financial period, consequently diluted earnings per share equals basic earnings per share.

4 Available for sale investments

	Six months to 30 June 2011 (Unaudited) £'000	Six months to 30 June 2010 (Unaudited) £'000	Year ended 31 December 2010 (Audited) £'000
At beginning of period	22,970	1,814	1,814
Fair value adjustment	-	(1,488)	5,460

Impairment charge	(312)	-	(6,192)
Disposal	(844)	(263)	(1,129)
Additions	4,876	16,880	23,017
At period end	26,690	16,943	22,970

5 Related party transactions

Mr Villa is director, injected £80,000 into the company during the period in order to assist temporarily with cash flow.

6 Approval of half-year unaudited condensed consolidated financial statements

These half-year unaudited condensed consolidated financial statements were approved by the Board of Directors on 22 December 2011.

7 Subsequent Events

On 19 October 2011 Brainspark announced that it had acquired a 20% stake and an option to acquire a further 31% stake in You Can Group srl, the holding company for Italy's largest Japanese restaurant chain, Sosushi, for a consideration of 1,750,000 Brainspark new ordinary shares. The stake and the option have been transferred to Mediapolis SpA, the Company's subsidiary active in the development of a theme park near Turin, as consideration in exchange for the Company's participation to Mediapolis' increase in capital. Mediapolis had an option to buy an additional 31% of You Can for EUR 1.2 million to be exercised on or before 15 November 2011. If exercised, Mediapolis would control 51% of You Can Group srl.

On 8 November 2011 Brainspark announced that it had signed the final agreement for the sale of the Company's interests in the land near Albiano (the proposed Mediapolis theme park) for a consideration of EUR 28 million, a multiple of three times its initial investment. The interests have been sold to the Michelangelo 2 Real Estate Fund ("Michelangelo 2") and the consideration will be satisfied on or before 31 December 2011 through the issue to Mediapolis SpA ("Mediapolis"), which is a 69.12% owned subsidiary of the Company, of shares in Michelangelo 2. The fund currently had more than EUR 170 million of assets under management and is managed by Sorgente SGR (www.sorgentesgr.it) a leading real estate management company with over EUR 2 billion of assets under management, including some of the world's most iconic buildings, such as the Chrysler Building (recently sold) and the Flatiron in New York and Galleria Colonna in Rome. In addition, Mediapolis would remain entitled to develop, build and manage the future theme park and the hotel, where it would be expected to face certain professional costs which would however be tempered by compensation in the form of success fees. Mediapolis has agreed to pay a penalty up to a maximum of EUR 3 million to Sorgente SGR in case of non-performance of some of the tasks included in the development, building and management contracts related to the new theme park. The penalty, should it be required to be paid, can be paid partially at the end of the first year with the balance to be paid at the end of the third year, or in total at the end of the third year. Mediapolis would indemnify Sorgente on the fiscal aspect of the sale of the land to the Fund, but this transaction was expected by the Mediapolis board to be neutral for the parties involved based on the current Italian tax legislation. Brainspark considers the Michelangelo 2 shares, which are unquoted, as a liquid asset for Brainspark and will be utilised by Mediapolis to facilitate the funding of its acquisition strategy in the leisure sector.

Also on 8 November 2011, Brainspark announced it had acquired from Regilco srl, 10 villas on the Liscia di Vacca bay in Sardinia, one of the most prestigious resort towns in Italy. The consideration for the acquisition was EUR 4.15 million which would be satisfied through the issue of 7,150,000 Brainspark new ordinary shares at a price of 50 pence per share, a 67% premium to the closing price before suspension. The issuing of Brainspark new ordinary shares, used as a payment by Mediapolis, has created a credit for Brainspark in Mediapolis of EUR 4.11 million that could be converted in Mediapolis equity capital should the Company wish to do so. The real estate would be managed and rented by the Company's 20% owned property management subsidiary, Sforza srl.

In addition, through Mediapolis, the Company has acquired a 3,000 sq m office building in via Astesani, Milan, from Argentaria srl for EUR 2.5 million. The property is to become the head office for the Brainspark group and will house the operations and staff of Bibop, the Company's majority owned digital media subsidiary. The consideration for the acquisition will be satisfied through the issue of 5,000,000 Brainspark new ordinary shares at a price of 50 pence per share, a 67% premium to the closing price before suspension. The issuing of Brainspark new ordinary shares, used as a payment by Mediapolis, has created a credit for Brainspark in Mediapolis of EUR 2.5 million that can be converted in Mediapolis equity capital should the Company wish to do so. The property is to be managed by Sforza srl.

As a result of the above transactions, should Brainspark choose to convert the credits thus created towards Mediapolis it would increase its holding in Mediapolis beyond the 69.12% which it currently owns.

On 18 November 2011 Brainspark announced that, through its majority owned subsidiary, Mediapolis spa, it has agreed to swap its 20% holding in Ondaland (the largest waterpark in Italy), in addition to shares in Michelangelo 2 Real Estate Fund ("Michelangelo 2 Shares") for a 40% stake in Sipiemi spa ("Sipiemi"), a construction and leisure company based in Biella, Italy, which currently owns an additional 70% of Ondaland. Following this transaction Brainspark, through its subsidiary Mediapolis, will own 40% of Sipiemi which, in turn, will own 90% of Ondaland, including additional real estate assets and a medium size construction company. At the end of 2010, Sipiemi had net assets of EUR 18 million and generated a net profit of EUR 1.9 million in 2010. The transaction was carried out through an increase in the share capital of Sipiemi. Brainspark would subscribe to the Sipiemi's capital increase via Mediapolis, through its 20% holding in Ondaland and a further EUR 1.9 million to be satisfied in Michelangelo 2 Shares at their current Net Asset Value. Following this transaction, Brainspark, which owns 69.12% of Mediapolis, will also increase its credit towards Mediapolis which, if converted in Mediapolis shares, would result in Brainspark increasing its holding in Mediapolis to a percentage to be determined on the basis of the participation of other Mediapolis minority shareholders to such a capital increase.

Brainspark has concluded the sale of its stake in Cogeme as it no longer considers this investment to be aligned with its strategy to operate within the Leisure and Real Estate sectors. This sale was carried out at the closing price for the Cogeme shares at 31 December 2010, of EUR 0.37 per share representing a 81% premium to their current market price.

Brainspark has settled with Investors Unlimited Srl ("Investors Unlimited"), for its 36.6% investment in Italian football club, AC Ancona, following legal action by the Company. Investors Unlimited would pay a minimum of EUR 100,000 to Brainspark and would cover all the associated costs from the legal suit against the Federazione Italiana Gioco Calcio and the various banks involved in Ancona's withdrawal from the Italian 2010-2011 Serie B football league. The eventual cash positive result of this legal action will be shared equally between Brainspark and Investors Unlimited. In case of a readmission of Ancona to Serie B league, Brainspark will receive an additional EUR 800,000 from Investors Unlimited, or a 30% rights in the football club.