

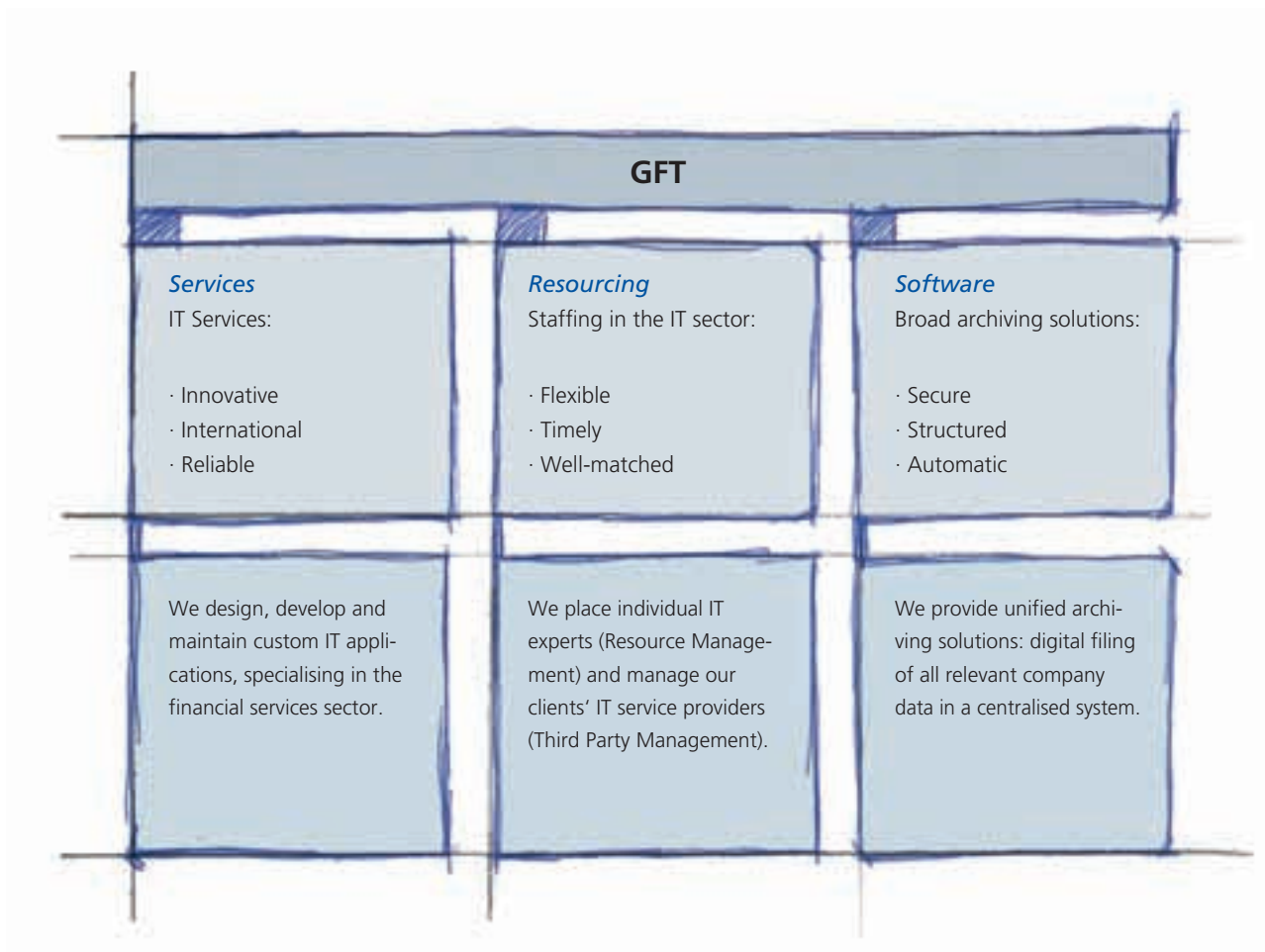
Precise planning. Top teamwork. Ideal implementation.

Innovations

GFT Group Summary

Financial Figures according to IFRS in €m	2008	2007	2006	2005	2004
Revenue	242.239	247.068	173.678	120.944	125.527
Earnings before interest, tax, depreciation and amortisation	7.690	13.098	7.310	2.111	1.603
Total depreciation	1.644	1.416	1.163	1.262	4.209
Amortisation of goodwill	0	0	0	0	-2.389
Earnings before interest and taxes (EBIT)	6.046	11.683	6.147	0.849	-2.605
Earnings before taxes (EBT)	6.925	12.362	6.665	1.579	-2.195
Net income/net loss as at 31/12	6.021	8.594	5.109	1.064	-3.866
IAS earnings per share, in €	0.23	0.33	0.19	0.04	-0.14
Non-current assets	31.326	30.893	30.751	24.11	25.038
Cash, cash equivalents and securities	35.193	28.702	23.891	28.648	30.638
Other current assets	46.977	52.337	37.553	25.600	20.152
Balance sheet totals	113.496	111.932	92.195	78.358	75.828
Equity ratio, in %	56	52	54	57	57
Number of permanent employees as at 31/12	1,027	1,087	1,057	981	1,039

Three business divisions



When ideas become innovations

Overview
Segments

At GFT innovations do not just happen by accident. They are the successful outcome of a carefully coordinated approach, a relentless quest to improve – planning with precision, bringing out the best in people, putting ideas into practice professionally, to inject ideas with life. The overall outcome: quality becomes a permanent feature of the organisation, a roadmap for progress, making success almost inevitable.

This may be an annual report, but you will occasionally find us looking at our business from a different point of view, drawing analogies with architectural accomplishment, a strategic and complex football game, or a successful space mission. Not without reason. All of these areas share similarities with our business: high standards are crucial, technical skills a must. Achievement in society also lies at the heart of these parallels and – to a certain extent – ingenuity, unthinkable without peak performance and a passion to succeed.

This passion to succeed pervades everything we do for our customers – clients who benefit from individual, made-to-measure solutions that always offer that essential ‘little bit extra’. It is these solutions that pave the way for them to steal a march on the competition and achieve their business goals.

Contents

0–2

GFT Group Summary
Three business divisions
When ideas become innovations

2 Letter from the CEO

6–12

6 Understanding customers
8 Playing to people's strengths
10 Adding value
12 Strategy and structure

14–21

14 The share
17 Supervisory Board Report
21 Corporate Governance Report

26–46

26 Management Report and Group Management Report

27 Business operations
28 Legal Framework Conditions
30 Economic environment
31 Course of business
32 Development of revenue
35 Earnings situation
37 Financial position
38 Net assets
39 Employees
40 Research and development
40 Risk report
44 Post-reporting date events
44 Events after the Balance Sheet Date

46 Recommendation for the appropriation of the Balance Sheet Earnings

47–127

47 Consolidated Financial Statements

48 Consolidated Balance Sheet
50 Consolidated Income Statement
51 Consolidated Cash Flow Statement
52 Consolidated Statement of Changes in Equity
54 Notes to the Consolidated Financial Statements

105 Responsibility Statement

106 Auditor's Report

107 Annual Financial Statements

108 Balance Sheet
110 Income Statement
111 Notes

126 Responsibility Statement

127 Auditor's Report

128–129

128 GFT Group Structure
129 Locations

Financial Calendar/Imprint

Letter from the CEO



Ulrich Dietz Chairman of the Executive Board

As a man with a passion for entrepreneurialism, Ulrich Dietz has a keen eye for business opportunities and new ideas. Dietz, a graduate in engineering and an innovative force in the software and IT industry, founded GFT in 1987. In 1999 he floated the company on the stock market. As Chairman of the Executive Board, Dietz is responsible for the *Resourcing* and *Software* business divisions, as well as the core areas of Strategy, Marketing, Corporate Communications and Investor Relations.



Marika Lulay [Member of the Executive Board](#)

Marika Lulay has earned a reputation for maintaining a constant focus on overriding goals and doing what she says. As the Chief Operating Officer (COO), the Computer Sciences graduate has been responsible for the *Services* business division since 2002, as well as the core areas of Technology and Quality Management. Lulay rises to a challenge and has a talent for inspiring colleagues to create innovative and sustainable IT solutions for clients.

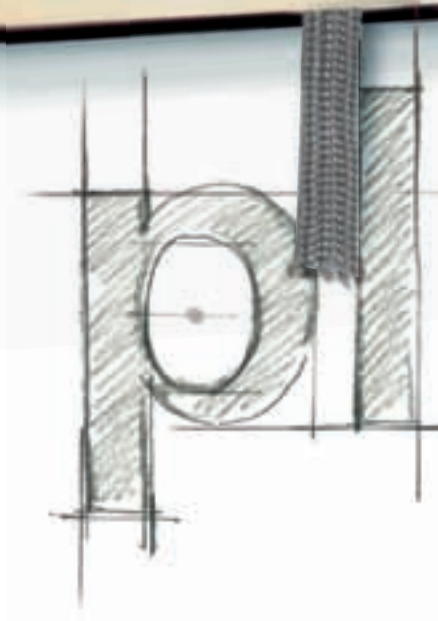


Dr. Jochen Ruetz [Member of the Executive Board](#)

Dr. Jochen Ruetz has been bridging the gap between aspirations and successful outcomes since 2003, furnishing the business with meaningful numbers that provide transparency and the instruments it takes to manage and monitor projects professionally. As the Chief Financial Officer (CFO), the PhD of Business Administration is responsible for the core areas of Finance, Management Accounts, Personnel, Internal Auditing, Legal Affairs and Internal IT.



Inspired by modern architecture? Then you'll know how important careful planning is. An inspiring building – where people feel comfortable and it's easy to find your bearings – is down to every fine detail. Understand requirements, and you'll know how to reconcile long-term issues such as practicality, creativity and comfort, yet still use valuable resources wisely. It's all about thinking about tomorrow – today. A building designed to cope with changing needs is easy to convert and adapt. This principle of architecture also holds true for IT. Which is probably why there are IT architects.



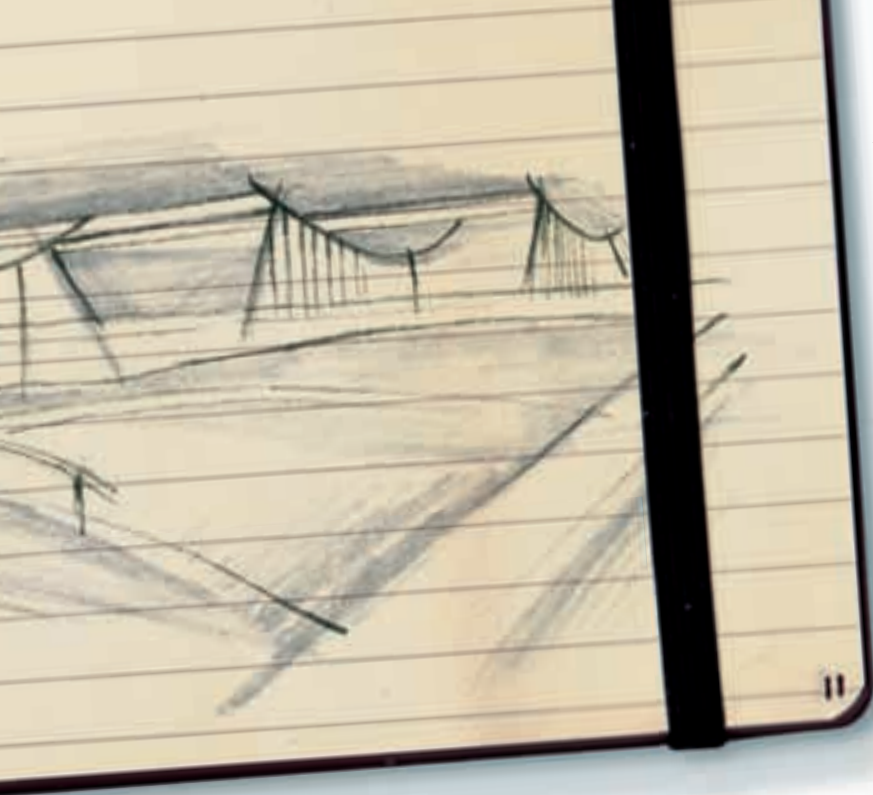
Understanding customers

In the beginning comes the idea. A notion how we could make a customer's business processes even more efficient by drawing on the power of modern IT. How we could help a financial services provider keep risks in check – and not let a single legal requirement slip through the net. How we could support a company with the central archiving of important documents – to create an invaluable pool of knowledge. In a nutshell: how we could open up new avenues for our customers to gain a decisive edge on competitors and maximise growth potential.

But translating this idea into an IT solution – that not only works in practice but actually excels – takes systematic planning. Which is why at GFT we put the customer's every requirement under the microscope. We get under

the skin of the business model, the corporate strategy. And with an intimate understanding of industry, we have a sixth sense for key market trends. Drawing on a wealth of experience – working on a broad variety of similar projects – we know how to fashion even the most complex requirements into practical, implementable solutions. Pivotal to this is our international team of consultants, which balances the business and technology sides of the equation, carrying out in-depth feasibility studies to provide customers with a thoroughly thought-through concept for a made-to-measure solution.

We leave nothing to chance. Because later on it is often the smallest details that decide whether the solution turns out to be future-proof or not, and therefore appeals to users.



Source: Messe Stuttgart
Architects: wulf & partner,
Freie Architekten, BDA Stuttgart

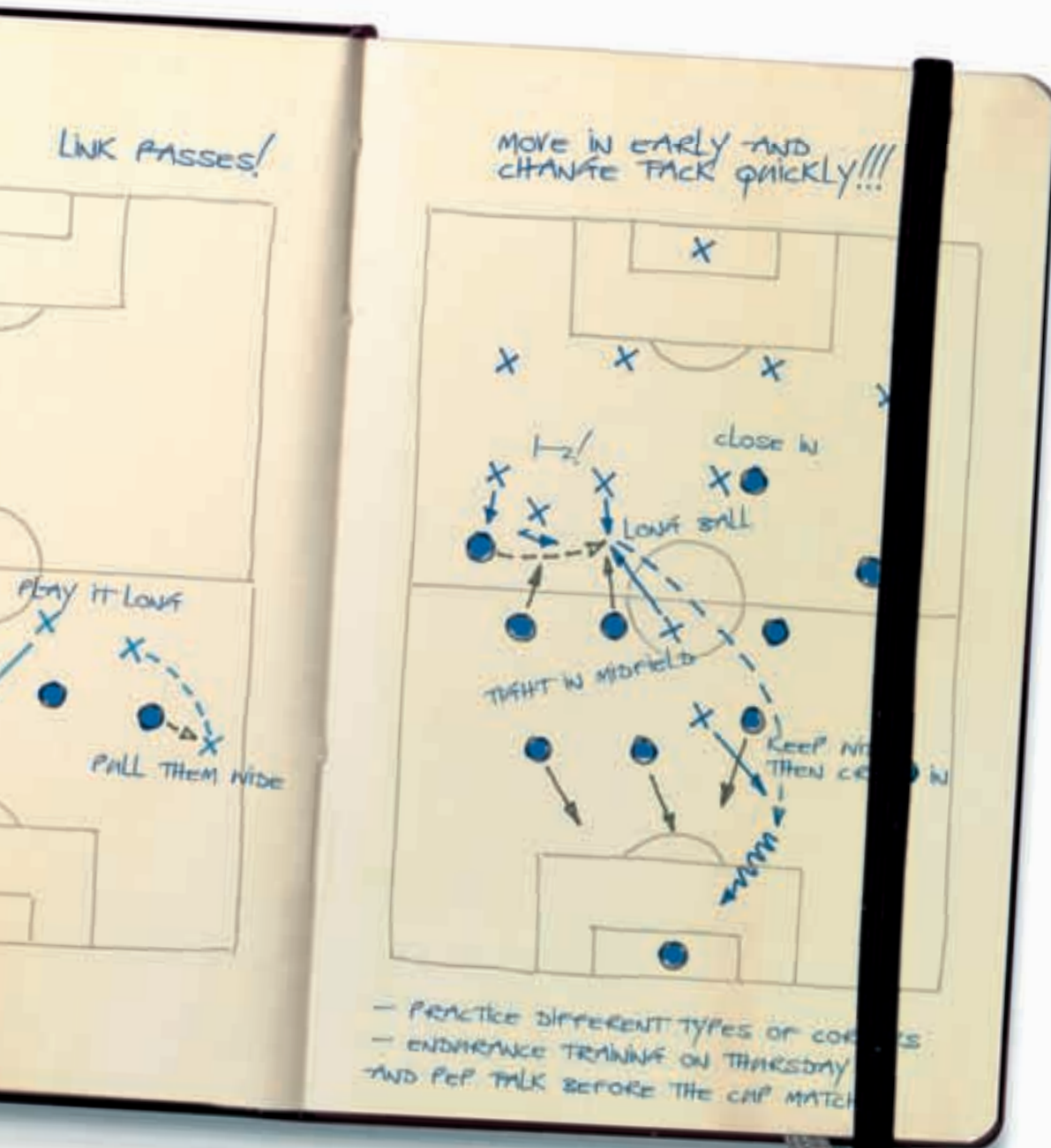


By planning carefully, we ensure that the IT application will come in on budget, even if expectations are high.

An example of a GFT solution that meets all these software criteria is SPOT – the result of a joint development project with the ABN AMRO banking group. The underlying concept: rather than look at information in isolation, the bank wanted to gain a complete overview of customer data at a glance. Previously, data was held in different systems throughout the company with no central storage or access. Taking the current system as a basis, we set up a software solution to evaluate any item of identified data and make it available to sales staff in any department. The system also shows employees when to offer which key banking products when. SPOT has

already won a variety of awards and was even voted the best European IT solution in the field of corporate client business and investment banking. GFT has been working with ABN AMRO (which now belongs to the Royal Bank of Scotland) for more than two decades. During this time we have continually thought up new ideas, planned their introduction and of course put them into practice.

tea



Fanatical about football? As any striker worth their studs will tell you, peak performance takes discipline, practice, passion and years of experience on the playing field. And the sort of coach who knows how to harness individual talent within the team and get everyone playing in harmony. The right people playing in the right position, a simple but suitable strategy, tactical manoeuvring and some clever combinations: these are usually enough to put the ball in the back of the net, notch up a few titles and win over hearts in the home terraces. It's an art. An art common to sport and engineering.



Playing to people's strengths

The plans are in place. The concept is ready. The goal is clear. As each situation is different, we make sure each member of the team is matched to your specific requirements.

In doing so, we place particular emphasis on pooling expertise and experience, with people from different backgrounds and specialists with different skills – a delicate blend of experts, each with an ability to tackle a problem from a different angle. Naturally, these experts know technology trends and the sector of industry inside out. But another thing people at GFT have in common is an important personal strength: a belief in what they are doing, steeped in an extraordinary drive to make things happen. That conviction is what turns individuals into a team, a unified group that plays in harmony in realising together with the client one goal: professionally implementing the common project.

GFT is working on an international basis. Thanks to our Global Delivery Model we have at our fingertips a whole network of development centres in Germany, Switzerland, Spain and Brazil. Which location becomes most closely involved in a particular project largely depends on

customers' needs, so they decide whether they need on-site supervision from specialists or professionals working at a nearshore or offshore location to a tighter budget. The beauty of having teams in different countries is that we can take tried and tested concepts and refine them with new insights – thinking beyond borders, but still taking local circumstances into account.

Sometimes customers don't need an entire team but just one or two specialists. Then we dip into our pool of experts and select one of our 180,000 or so freelance IT experts worldwide. Customers know they can rely on us to tap the best, pinpointing the right person to fill the skills gap in any team and play to the strengths of your company.

Take a company that urgently requires an SAP specialist. We identified the growing demand for specialists in this area some time ago, which is why we expanded our resources in 2008. Currently GFT has more than 150 freelance SAP specialists working on projects throughout Europe. We expect this number to keep rising as the newly formed SAP Team of Specialists is the perfect instrument for customers to haul the right SAP skills on board.

implementation

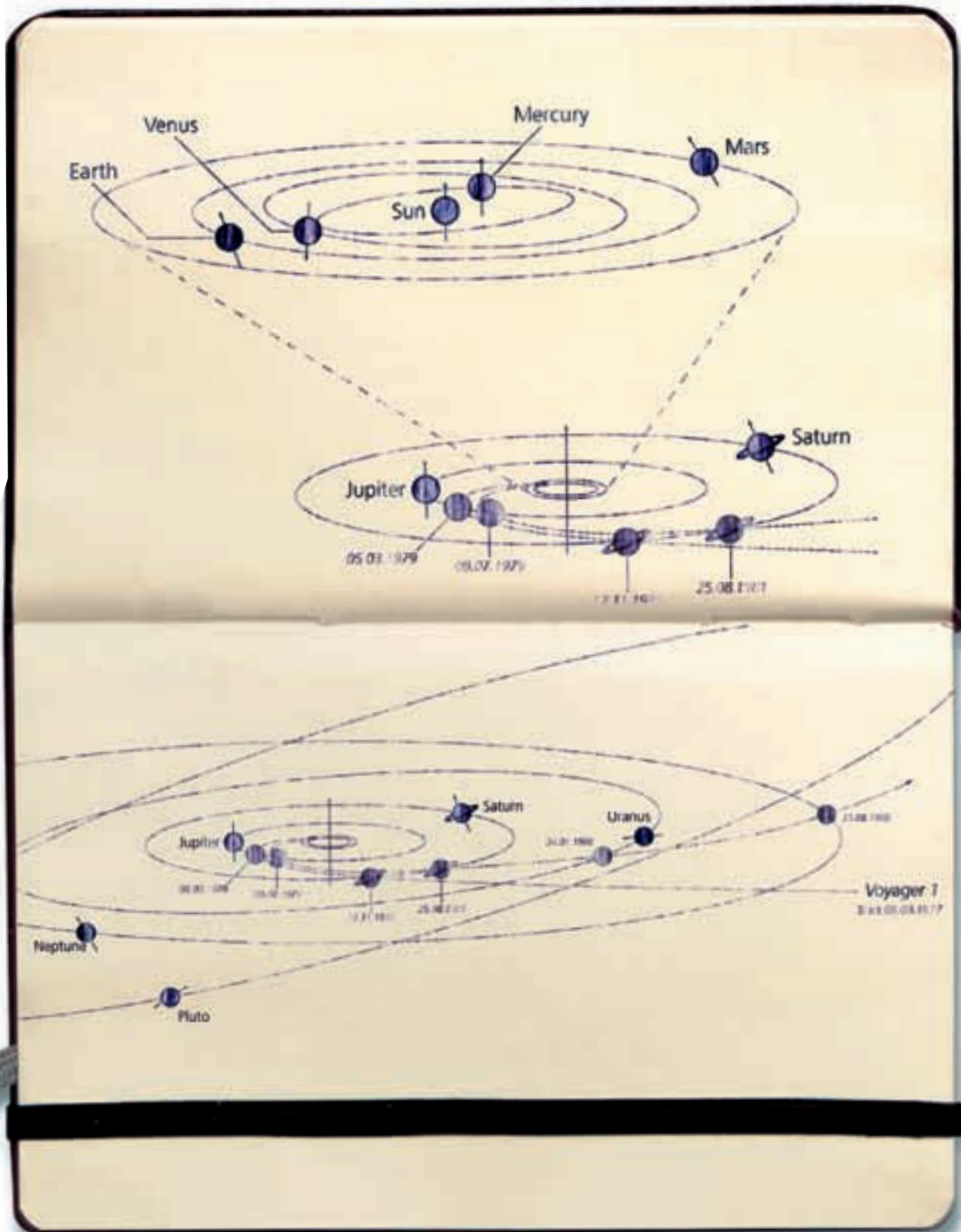
Adding value

Our GFT team is in place. Everyone is fired up and ready to implement the plan, take the idea and turn it into reality. This is where all the previous professional planning pays dividends. Everyone knows what they're expected to do. Tasks have been carefully delegated, roles and responsibilities clarified. Wherever they are based, all team members know what they have to do; everyone is working to the same companywide principles and agreed, uniform procedures. A charter for ultimate quality, audited regularly by independent institutes and stamped with their seal of approval.

At GFT we strongly believe in keeping pace with the latest developments, peeking around the next corner and developing innovative ideas for the future. So we carefully track market trends and constantly monitor legal developments with any potential bearing on our customers. Of course this also means internally we are at the forefront of technological development, enabling us to stay one step ahead in terms of knowledge and create IT solutions offering precision and quality of the highest standard. At the slightest indication that one of our customers' IT applications needs upgrading, our specialists are already standing by with an arsenal of potential solutions.

Compliance, for instance, is an important issue these days. The authorities in Europe and the United States reacted quickly to accounting fraud and a string of data protection violations by tightening laws and regulations. Three examples, to name but a few: the Sarbanes-Oxley Act (SOX), the MiFID and Basel II. Keeping track of all the changes is no mean task. So to make things easier for customers, the IT solutions we develop are specially designed to allow processes to change as requirements change.

We know how to put ideas and proposals in place expediently and economically, by tapping into standardised, tried and tested internal processes, ingeniously designed to work with new and adapted processes. This makes it possible to create safe, reliable and scalable applications, meticulously tailored to the demands of each individual customer – innovations with that decisive value-added.



Mission accomplished? Scientists, inventors and adventurers alike know that it takes vision, passion and professional application to reach new horizons and conquer adversity. We've learnt a lot from space exploration: to achieve your goals you have to work systematically, planning each and every step, drawing skilfully on strategies and accepted standards, adding your own ideas and insight. Take this approach and you will boldly go where no one has gone before. Missions such as the Voyager 1 space probe are the hallmark of technical achievement and human endeavour. What makes a mission successful? When the lessons learnt benefit everybody, not just the people involved.

Strategy and structure

Our portfolio of services spans three business divisions: *Services*, *Resourcing* and *Software*. Each is managed by a business division adhering to its own business model. So each area is guided by its own, individual goals which we pursue with unwavering determination. These are underpinned by the overarching strategy which draws on all opportunities to interact between each division, leverage synergies and enhance flexibility.

Overall, our strategy stems from one underlying principle – to be “Big enough to deliver, small enough to care”. We command the experience and enjoy the magnitude to implement international projects reliably and profitably. Our hierarchy is flat, our management enduring – ideal for providing clients with the individual support they deserve. And each team member enjoys personal responsibility – from those working directly on the project to the most senior level of management.

The *Services* division: made-to-measure IT solutions

The main emphasis in the *Services* area of the business is banks and insurance companies. We have a detailed understanding of all internal processes in this sector of industry – crucial when you are developing customised IT solutions. One of our aims is to provide our customers – major domestic and international corporations – with long-term support based on partnership. As a first step, we advise them on their IT strategy, before setting up and launching suitable IT solutions. Later, we provide operational support and maintenance.

If the market suddenly changes, we react immediately. For example, we had in place a range of standardised IT modules to react to the recent financial crisis. We did this by tapping into a wealth of in-house experience in dealing with risk management. Based on this, we then develop customised solutions – matched precisely to the specific risks faced by each financial services provider.

Our people are networked, globally. For example we have development centres in Germany, Spain, Brazil and Switzerland. This enables us to combine the right team for each project of our clients – particularly in Europe and more and more on the American continent.

What are our plans for the *Services* division? Well, we have two goals. First, we anticipate further consolidation of the existing customer base, hand-in-hand with expansion into countries where we are not yet operating. Second, we will continue to recruit new customers. Two guiding principles in pursuing both of these goals are our core competences and the target industries. And another thing that holds true for both goals: we excel at exceeding our own expectations – with outstanding quality and rapid delivery, adhering to the tightest budgets.

The *Resourcing* division: support from freelance IT specialists

Sometimes IT resources are a bit tight – you need more people, quickly, with highly specialised skills. That’s when freelancers come into play. But identifying and recruiting specialists from outside the company can be a costly exercise and ties up tremendous amounts of resources. Handing the task over to our specialised *Resourcing* team frees you up to concentrate on your own core competences.

We have a wealth of experience of the ins and outs of the IT industry, so not only do we understand which skills our customers need, we are also able to react quickly on their demands and provide them with the right person to do the job.

"The fact that we have been able to successfully hold our own in the current recession is a confirmation of our strategy to distribute risks across three business divisions." (Ulrich Dietz)

This area of services actually addresses the needs of companies in a variety of sectors. Until now, this area of services, which we call Resource Management (RM), has been on offer in Germany, France, the UK and Switzerland.

What can GFT offer that competitors can't? An international pool of experts, with instant access to more than 180,000 profiles.

Buying in and managing external IT service providers can be labour-intensive and expensive for companies. To solve this problem, they draw on our emagine service which is already the market leader in Third Party Management (TPM) and offers instant clarity and cost benefits. Having made it to number one in Germany, we now aim to enter the rapidly growing French market.

Given the recent financial crisis, companies are likely to call on fewer IT freelancers to work on their internal projects. But we are confident from our own experiences that businesses will not be able to survive in the long term without the know-how and skills of highly specialised IT experts. As a result, we continue to expand our pool of expertise and identify freelancers with particularly scarce skills – niche knowledge or especially sought-after talent. We have been running our own 'Team of Specialists' to focus on this area since early 2008 to answer the rising demand for SAP specialists.

The Software division: the new generation of archiving solutions

Companies are having to manage increasing volumes of data and adhere to a confusingly complex system of legal requirements. We have a solution: Unified Archiving. The idea is simple: all key company information is stored together in a central archive making it accessible to anyone, anytime. This brings two important benefits to companies. One: they can simplify the process of sharing knowledge with other areas of the business. Two: they can adhere to corporate compliance regulations. What's

more, central archiving systems automatically detect whether information has already been stored, sidestepping double data backups. As well saving storage space, this results in useful synergies.

The *inboxx* software environment was developed as a new generation of archiving solutions. *inboxx* already offers a broad selection of solutions such as e-mail archiving and Web 2.0 applications, both upgradeable at any point. This was made possible by working in partnership with a network of carefully recruited business specialists.

The software market has witnessed a sharp downturn in companies' willingness to invest in new systems. Despite the challenges of the market, we have seized the opportunity to expand the *inboxx* technology, raise awareness for its suite of solutions and boost brand awareness through an intensive PR campaign. This has put us in a stronger position in 2009 to capitalise on full potential in the future.

The people working at GFT: the cornerstone of our success

The people who work for our company are a key success factor in realising the GFT strategy. Every person – their individual creativity and entrepreneurial spirit – is pivotal to our success in taking the innovative ideas of today and translating them into the leading solutions of tomorrow.

The entire IT sector is undergoing a permanent process of change, another reason for us to place particular emphasis on ongoing employee development. Training is carefully matched to the needs of the individual – a permanent investment in the specialist skills of each person, equipping them with the right business expertise and the people skills that matter most.

The GFT culture is united in a binding corporate philosophy that forms the cornerstone of our everyday working atmosphere. This atmosphere is based on mutual trust and understanding, no matter which country people are based in. In fact it is precisely this philosophy that reinforces our perception of ourselves, as "ONE Company".

The share

Transparency and trust are important to us, especially in the capital market. Through a continuous dialogue with investors, analysts and finance journalists, we outline the business model of GFT and the resulting growth potential. Owing to good, sustained performance and solid liquidity, the company will – subject to the approval of the Annual General Meeting – distribute a dividend for the first time in its history.

The turbulent development in the capital markets last year represented a special challenge for financial communication. In the vortex of the American real estate and finance crisis the share prices on the world's stock exchanges dropped sharply. Thus the American Dow Jones index lost around 34 percent and posted the third worst year since its establishment in 1896. Similarly the German DAX index lost 40 percent and, aside from 2002, delivered the second worst result in its 20-year history. Technology securities were hit even harder: while the value of the US technology exchange (NASDAQ) dropped by 42 percent, that of the German TecDAX was reduced by 48 percent.

"We believe that also on the basis of our revised estimates, the opportunities outweigh the risks of the GFT share. In addition, the announced dividend payment demonstrates a solid stock price basis. Therefore, our recommendation is 'Buy'." (LBBW, 04/03/2009)

Financial communication in irrational markets

The climate in the exchanges was, and continues to be, characterised by extreme uncertainty and irrationality, so much so that the current mood on the market eclipses the fundamental data and the prospects for the future. In a market characterised by bad news, positive messages often

go unheard. The dominant influences were and are the distortions in the finance sector and the fears that are linked with a global economic crisis. The GFT share price also suffered from this. Starting from its annual high of € 3.38 on 7 January 2008, it held its ground relatively well until May. Then – other than two brief recovery phases at the start and end of August – the share price experienced an almost continuous decline over the entire year, totalling 61 percent. It reached its annual low on 27 October with € 1.03. In the first three months of 2009 the share price moved in a spread of € 1.13 and € 1.62. Compared to the year-end price it had developed positively.

Stable shareholder structure; reduced trading volume

GFT's basic capital remains unchanged at € 26,325,946, issued in the same number of bearer shares with a par value of one euro per share. The shareholder structure does also not show any material changes. As before, 38.14 percent is in the hands of the founding family Ulrich and Maria Dietz. Above and beyond this, a range of institutional investors are also involved in the company, with shareholdings of varying sizes, including the Baden-Württembergische Investmentgesellschaft mbH (BW Invest) and the Austrian AvW Group. Currently, 51.87 percent is allocated to the free float.

Both the Chairman of the Executive Board, Ulrich Dietz, and the members of the Supervisory Board, Franz Niedermaier and Andreas Bernhardt, acquired GFT shares in the past year – a sign of the confidence that the body members have in the future of the company. The trading volume in 2008 continued its backward trend and was reduced by half compared to the previous year. On average 40,772 shares changed owners each day via the electronic trading system XETRA and on the Frankfurt floor.

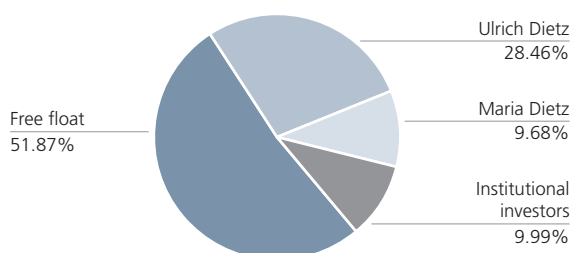
Net earnings per share

The net earnings per share under IAS 33 came to € 0.23, compared to € 0.33 in the previous year. For the first time in its history, GFT is planning to distribute a dividend. The Executive Board and the Supervisory Board will propose a sum of € 2.63 million in total to the Annual General Meeting. This corresponds to € 0.10 per share.

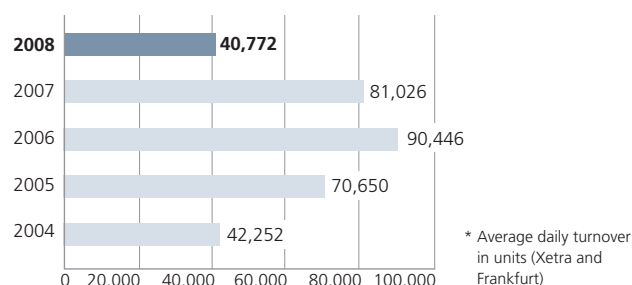
Development of the indexed GFT share price (Basis 2 January 2008 = 100%)



Share ownership structure



Trading volume *



In dialogue with the shareholders

Throughout the past year GFT has actively shaped its communication with the capital market and continuously informed market participants promptly and in detail about financial figures, business development and corporate strategy.

Annual General Meeting at the new head office of the company

A forum for this was the ninth Annual General Meeting, which GFT hosted for the first time in its own premises on 11 June 2008. As the most important agenda item, the shareholders voted to move the head office of the company from St. Georgen in the Black Forest to Stuttgart. We used the opportunity to present the newly-occupied Corporate Center to convey to the shareholders present a feeling of where and how GFT works. This received a very positive response.

Fostering contact with institutional investors and finance analysts

Over the course of the financial year, we have informed our investors as to the development of the GFT Group by means of quarterly, semi-annual and annual reports. In addition, we have elaborated on and discussed business results in telephone, analyst and press conferences. The Chairman of the Executive Board, the Chief Financial Officer and the Investor Relations team maintain close contact with institutional investors and financial analysts at roadshows, conferences and in numerous individual conversations. For example: in 2008, they presented GFT at the German Equity Forum in Frankfurt and at the Munich Capital Market Conference.

Extensive information available on the internet

We make financial reports, analyses and a variety of other information about our company and our share accessible on GFT's website. Interested investors can subscribe to an e-mail newsletter containing the current press releases and obligatory notifications and also contact us personally under the heading Investor Relations. It goes without saying that we will also answer promptly individual queries that reach us by letter or by telephone.

Annual Report receives top marks

At the 2007 Vision Award, a competition of the best Annual Reports, we were pleased to be able to celebrate another award. After the annual GFT Annual Reports had already achieved the second highest ranking twice in

recent years, in the "Technology – IT Services" category, this time it won the highest recognition, the Platinum Award. The League of American Communications Professionals listed GFT overall at 64th out of more than 3,000 reports submitted from 20 countries.

Contact

Our employees from the Investor Relations area will be happy to give you more information about the GFT share:

GFT Technologies AG
Andrea Wlcek, Head of Investor Relations
Filderhauptstr. 142, 70599 Stuttgart, Germany
Internet: www.gft.com/ir, e-mail: ir@gft.com

Information on the GFT share

ISIN	DE0005800601
Beginning of the official quotation	28 June 1999
Market segment	Prime Standard
Indices	German Entrepreneurial Index (GEX) Technology All Share
Designated Sponsors	Landesbank Baden-Württemberg (LBBW) equinet AG
Institutions that regularly publish financial analyses of GFT	Landesbank Baden-Württemberg (LBBW) equinet AG SES Research AG
Number of issued bearer shares with par value of € 1 per share	26,325,946

	2008	2007
Opening price at the beginning of the year	€ 3.31	€ 2.72
Closing price at year end	€ 1.30	€ 3.15
Value change	-61%	+16%
High	€ 3.38 (07/01/2008)	€ 3.80 (04/07/2007)
Low	€ 1.03 (27/10/2008)	€ 2.60 (05/01/2007)
Market capitalisation as at 31 December	€ 34m	€ 83m
Average daily trading volume (shares)	40,772	81,026

Supervisory Board Report

Dear share holder,

The 2008 financial year was characterised by economic turbulence. In particular companies with clients in the financial sector were, and still are, influenced directly by the crisis on the financial market. The Supervisory Board therefore observed the development of GFT Technologies AG throughout 2008, with particular reference to these current circumstances.

During 2008, the year under review, the Supervisory Board fulfilled its tasks pursuant to law, the rules of procedure and the Articles of Association and in particular continuously monitored the Executive Board advising it on important issues. Together with the Executive Board the supervisory body thoroughly analysed corporate development and accompanied the strategic alignment in an advisory capacity. The Supervisory Board reviewed operations that, due to legal or Articles of Association-related provisions, require the approval of the Supervisory Board and decided on its agreement. All operations of importance for the company were discussed by the Supervisory Board in detail on the basis of the presentations by the Executive Board.

The foundation for this – other than the reports properly and punctually made pursuant to section 90 German Companies Act (AktG), including the regularly presented financial reports according to section 37v to section 37y German Securities Trade Act (WpHG) – was the regular, prompt and extensive written and verbal information given to the Supervisory Board beyond the legal obligation of the Executive Board. In this way the Supervisory Board was continuously advised about all relevant issues for the Group and its companies for the planning and develop-



Franz Niedermaier Chairman of the Supervisory Board

ment of the company, the situation of the GFT Group as well as the risk situation and risk management, and thus it was always in a position to properly and promptly fulfil its monitoring function. As before, the Supervisory Board is of the opinion that the formation of committees is not necessary, due to the small number of Supervisory Board members.

The intensive collaboration between Executive Board and Supervisory Board was not restricted only to regular meetings. Between meetings, individual questions were discussed and also answered in written form by the Executive Board. Furthermore, the Chairman of the Supervisory Board and his deputy were in regular contact with the Executive Board, in particular its Chairman, in order to inform himself in a timely manner about important business developments and forthcoming decisions.

In separate strategy discussions, the members of the Supervisory Board discussed the long-term development and the alignment of the business divisions with the Executive Board.

The Supervisory Board came together in six meetings and two telephone conferences during the year under review. In four meetings, all Supervisory Board members participated. All Supervisory Board members were present at more than half of the meetings.

Supervisory Board meeting discussion points

During the reporting period the Supervisory Board discussed and critically reviewed a broad spectrum of topics. In particular, the business situation and development, the business policy and the short and long term corporate and financial planning were discussed in detail. Within the context of the quarterly reporting, revenue and earnings for the GFT Group, in total as well as for the individual business divisions and regions, were discussed. Topics treated in depth included the ongoing development of the subsidiary GFT *inboxx* GmbH. Furthermore, the Supervisory Board requested and received instruction in detail about the risk management of the company and the actions for its improvement.

Another significant point of discussion at the Supervisory Board meetings in the reporting period was Corporate Governance. The launch of the Business Conduct Guidelines approved in the previous year was implemented in the second half of 2008. As an instrument of control and further development of Corporate Governance in the company, these Business Conduct Guidelines are geared in particular to preventing corrupt and corrupting modes of behaviour.

Another component of the transparent and value-orientated Corporate Governance at GFT was the efficiency audit of the Supervisory Board, using company-specific surveys. Based on the answers to the surveys in previous years, a few improvements – such as even-earlier dispatch of documents in preparation for the meetings – were implemented.

Meetings without the presence of Executive Board members also regularly took place, in particular to discuss Executive Board affairs.

The Supervisory Board began its 2008 meeting period with a telephone conference on **4 March 2008**. In this conference the key figures of the Annual and Consolidated Financial Statements for the previous financial year were discussed.

In the balance-sheet meeting on **25 March 2008**, the Supervisory Board discussed in detail the Annual and Consolidated Financial Statements as at 31 December 2007, as well as the planning for financial year 2008, in the presence of the auditor. In advance, the Supervisory Board had reviewed the 2007 Annual Financial Statements and the 2007 Consolidated Financial Statements presented by the Executive Board in addition to the Management Report and Consolidated Group Management Report and also the auditor report. In the meeting the auditor reported on the results of his audit, was available during the entire meeting and comprehensively answered all questions directed to him. The Supervisory Board was able to convince itself of the orderly and proper execution of the audit and of the audit report. With the approval of the 2007 Annual Financial Statement during the meeting, this Annual Financial Statement was thus established. Furthermore, in this first regular meeting of the year the company situation and strategy of GFT *inboxx* GmbH was analysed in detail.

On **11 April 2008** in connection with the adoption of the agenda for the Annual General Meeting on 11 June 2008, the Supervisory Board addressed by telephone the proposed relocation of the company headquarters from St. Georgen in the Black Forest to Stuttgart. The Board supported the move and the resulting change to the Articles of Association.

On **5 May 2008** the business situation as of the first quarter 2008 was first and foremost the subject of the meeting. In addition, the strategic alignment of the GFT Group and the structure of risk management were intensively discussed.

In preparation for the Annual General Meeting, another regular meeting took place on **10 June 2008**. The primary topic here was the organisation of the Annual General Meeting. In addition, the Supervisory Board concerned itself in detail with organisational issues of the international subsidiaries of Great Britain and the US, as well as with the sale of the *inspire* software.

A working group consisting of three representatives from the Supervisory Board and the entire Executive Board met on **3 and 4 July 2008**, as proposed by the Chairman of the Supervisory Board, for a strategy workshop in order to discuss the further medium-term strategic development of the Group as well as the business divisions.

In the meeting on **4 August 2008** the Supervisory Board concerned itself with the business development of the GFT Group during the first half of 2008. The results of the strategy workshop were also set out and analysed in detail. Furthermore, the results of the internal audits conducted in financial years 2005 to 2008 were presented to the Supervisory Board for comparison reasons and then discussed with the Executive Board and the auditor present at the meeting.

On **3 November 2008** the Supervisory Board primarily addressed the results of the third quarter of 2008. The current economic situation and the impacts of the financial market crisis on the company were discussed in detail in this connection. At this meeting, the Supervisory Board was also informed by the Executive Board about the Group-level implementation of the Business Conduct Guidelines.

The last meeting of the year, on **15 December 2008**, was dedicated in particular to risk management. Supplementing the August meeting, the auditor gave a positive assessment of the measures undertaken in 2008 to further enhance the early risk warning system. Furthermore, the budget planning for the financial year 2009, as well as the current development of GFT *inboxx* GmbH, were discussed in detail. The declaration of compliance with the German Corporate Governance Code for the 2008 financial year was adopted. In addition, Supervisory Board member particulars were discussed. The voting on the controlling age limit, provided in the rule of procedure of the Supervisory Board in connection with the proposals for new elections pending for 2009 for the Supervisory Board, took place in the absence of Mr. Niedermaier and Dr. Opitz, in order to avoid any conflicts of interest, as the voting affected both of them. The Supervisory Board meeting at this point was led by Professor Dr. Barth. Approval of the exception was adopted.

In December 2008 the Executive Board and the Supervisory Board submitted an updated declaration of compliance as per section 161 German Companies Act (AktG). It has been made permanently available on the internet page of the company under www.gft.com.

Conflicts of interest and their treatment

When the business relationships with an individual client were discussed in meetings, the Supervisory Board member who belonged to the client organisation did not take part in discussions or voting. With regard to the voting on the rule of procedure of the Supervisory Board, we refer to the elaborations on the meeting of the Supervisory Board on 15 December 2008.

Personnel changes

There were no personnel changes on the Executive Board or the Supervisory Board in the 2008 financial year.

Annual Financial Statements and Consolidated Financial Statements 2008

The accounting, the Annual Financial Statements and the Consolidated Financial Statements for the financial year 2008, as well as the Consolidated Management Report and Group Management Report for the year 2008 were audited by the Grant Thornton GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, represented by its Stuttgart branch office, (hereafter „Grant Thornton“) appointed as auditor and Group auditor by the Annual General Meeting. The audits each received an unqualified audit opinion. Qualification, independence and efficiency of the auditor was checked by the Supervisory Board on a continuous basis during the year under review, in connection with the discussions on the Financial Statements and the Financial Reports, as well as on the basis of the independency declaration obtained from the auditor according to numbers 7.2.1 and 7.2.3 of the German Corporate Governance Codex and the agreement reached with him; each took place in the presence of the auditors. There are also no concerns about the afresh election of the auditor.

The 2008 Financial Statements documents and the audit reports of Grant Thornton were punctually handed out to all members of the Supervisory Board in their entirety. The Supervisory Board examined the documents presented and discussed them with the Executive Board and the auditor at length in order to confirm that they were prepared according to regulations; it is the firm belief of the Supervisory Board that the Financial Statements, including the reports of the auditor, correspond to the statutory requirements. At the balance sheet meeting on 23 March 2009, the auditor reported on the most important results of the audits, and was available to provide further information and answer any questions. The members of the Supervisory Board were thereby able to satisfy themselves that the

audits complied with the legal requirements and were conducted in an adequate manner. The Supervisory Board subsequently agreed with the results of the audit and approved the Annual Financial Statements and the Consolidated Financial Statements submitted by the Executive Board for the year under review (2008), as well as the Consolidated Management Report and Group Management Report of GFT Technologies AG, as the final results of its own audit gave no cause for objections. The Supervisory Board thus established the 2008 Annual Financial Statements. We agree to the Executive Board's recommendation concerning the allocation of the net income and the dividend payment of 0.10 € per ordinary share.

Outlook and thanks

We are able to look optimistically to the future at the end of our term of office, which ends with the expiration of the Annual General Meeting on 9 June 2009. With its large-scale and forward-looking range of services, GFT Technologies AG is firmly established in the IT market and well-placed for future development. With more than 20 years of experience in information technology, as well as comprehensive industry understanding, GFT is in a very good position, particularly after the financial market crisis, to continue to be a reliable strategic IT partner for its clients.

We would like to thank the Executive Board as well as all employees for their dedication and work performed in the 2008 financial year. Furthermore, we would like to thank the clients and partners of GFT who have significantly contributed to the success of the company.

Stuttgart, 23 March 2009

On behalf of the Supervisory Board



Franz Niedermaier

Corporate Governance Report

pursuant to Number 3.10 of the Code

Since its launch in the year 2002, the German Corporate Governance Code applies as the standard for responsibly conscious corporate governance oriented to sustainable value creation. For GFT, effective corporate governance has always been an integral component of its corporate culture, allowing us to put special significance on the long-term strategic alignment of the company and on a solid financial planning. Other significant aspects are adherence to legal and ethical standards as well as open and transparent communication. In this way we are creating a lasting foundation for the confidence of our investors, employees and business partners.

Trustful co-operation between the Executive Board and Supervisory Board

In accordance with German corporate law, GFT Technologies AG has a dual management structure with its Executive Board and Supervisory Board. Both bodies work closely together for the well-being of the company and foster open and honest communication. The Executive Board actively includes the Supervisory Board when it comes to advising on important decisions. At the centre of discussions for both bodies during this financial year was the strategic alignment of the Group and business development by business divisions and countries, as well as risk management.

Executive Board

The Executive Board of GFT Technologies AG has consisted of three members since 2003. It manages the Group under its own responsibility and conducts the business affairs according to law, the Articles of Association and the rules of procedure. Its principal tasks include the development and implementation of company strategy, the management of the Group, the financial planning as well as the setting up and securing of efficient risk management and risk monitoring. The duties and responsibilities of each of the Board members are defined in the Executive Board's rules of procedure.

In performing its work, the Executive Board is in close consultation with the Supervisory Board. It reports to the Supervisory Board punctually, regularly and comprehensively on all relevant issues with regard to the planning and development of the company, the position of the GFT Group with a focus on the attainment of goals as well as the risk situation and risk management. It obtains in advance the agreement of the Supervisory Board for certain transactions set down in the rules of procedure. The Chairman of the Executive Board is in regular contact with the Chairman of the Supervisory Board and his deputy.

Supervisory Board

The Supervisory Board of GFT Technologies AG is composed of six members. It regularly monitors and advises the Executive Board in its management of the company. The basis for this activity are the law, the Articles of Association and its rules of procedure. The Supervisory Board is also responsible for appointing and dismissing members of the Executive Board, determining the remuneration for Board members and approving the Annual Financial Statements.

Due to its manageable size and the experience of its members, the Supervisory Board again abstained from the formation of committees. The Supervisory Board was last elected at the 2004 Annual General Meeting for a five-year term of office. The term of office for all members of the Supervisory Board ends with the expiration of the Annual General Meeting dated 9 June 2009.

No conflicts of interest between the Executive Board and Supervisory Board

Consultancy and other contracts for work and services between the members of the Supervisory Board and the company did not exist during the reporting period. Moreover, nor did any conflicts of interest arise affecting members of either the Executive Board or the Supervisory Board, which would have required immediate disclosure to the Supervisory Board. During the 2008 financial year there were no dealings between GFT Technologies AG or its affiliates and members of the Executive Board or persons related to them.

Remuneration of members of the Executive Board and Supervisory Board

The remuneration of members of the Executive Board is composed of fixed compensation and variable components. The fixed components are paid as monthly salary payments, the variable components once annually. These are linked to the business success and to the attainment of personally agreed goals. In addition, remuneration to members also includes payment in kind, in particular through the provision of a company vehicle available also for private use, the assumption of insurance premiums as well as contributions towards retirement pensions. A retroactive change of the contribution amounts is excluded. Stock options programmes or similar securities-oriented incentive systems do not currently exist.

The total remuneration for members of the Executive Board came to € 1.24m in the 2008 financial year. On 23 May 2006, the Annual General Meeting of GFT Technologies AG resolved that the remuneration for individual Executive Board members should not be disclosed (Opting Out). From the perspective of the company, sufficient

transparency exists through an overall description that maintains the protection of the individual. The Supervisory Board has not made any agreement with the members of the Executive Board in the event that a member would prematurely end his activity without good cause. The Supervisory Board is of the opinion that in this case the legal regulation offers an appropriate solution.

The remuneration of the Supervisory Board is regulated in the Articles of Association. The exclusively fixed amount was adapted with the approval of the Annual General Meeting on 23 May 2006 to the increased qualification and liability requirements, as well as to the market environment. The following table specifies the figures for each Supervisory Board member. Additional benefits or remuneration for personal services rendered, in particular for consulting and referral services, were not granted.

Members of the Supervisory Board	Remuneration for the financial year 2008 in €
Franz Niedermaier	22,000
Dr. Peter Opitz	16,500
Prof. Dr. Gerhard Barth	11,000
Andreas Bernhardt	11,000
Dr. Thorsten Demel	11,000
Dr. Simon Kischkel	11,000
Total	82,500

Stock options programmes or similar securities-oriented incentive systems for the Supervisory Board do not exist. The members of the Supervisory Board of GFT Technologies AG receive only a fixed remuneration. From the perspective of the company, this represents sufficient incentive and avoids conflicts of interest.

Shareholdings of members of the Executive Board and Supervisory Board

Members who belonged to the Executive Board or the Supervisory Board during the financial year held a total of 7,695,900 GFT shares as at 31 December 2008. This corresponds to 29.23 percent of the basic capital of GFT Technologies AG.

Members of the Supervisory Board	Numbers of shares
Franz Niedermaier	50,000
Dr. Peter Opitz	-
Prof. Dr. Gerhard Barth	-
Andreas Bernhardt	26,000
Dr. Thorsten Demel	-
Dr. Simon Kischkel	1,302
Total	77,302

Members of the Executive Board	Numbers of shares
Ulrich Dietz	7,492,998
Marika Lulay	25,300
Dr. Jochen Ruetz	100,300
Total	7,618,598

Directors' Dealings

Pursuant to section 15a Securities Trading Act (WpHG) the tables below contain a listing of the acquisition and sale of shares in our company by members of the executive bodies in the period between 1 January and 31 December 2008. All dealings were also published on the company website under www.gft.com/ir.

Consistent implementation of compliance guidelines

For the success and long-term existence of a company, the integrity of its top management, the loyalty of its employees and adherence to laws are essential prerequisites. The financial and economic scandals of the recent past have clearly shown, however, that this does not go without saying. The company has therefore dealt intensively with the topic of "compliance" and created clear, transparent and binding regulations with its Business Conduct Guidelines. In connection with this GFT also set up a Group-level compliance office.

Directors' Dealings pursuant to Number 6.6 of the Code

Trade date/ location	Name	Position/area of responsibility	Trans- action type	Quantity/ nominal value	Price	Total volume
19/12/08 Stuttgart	Andreas Bernhardt	Supervisory Board	Share purchase	10,000	€ 1.10	€ 11,000.00
22/10/08 Xetra	Ulrich Dietz	Chairman of the Executive Board	Share purchase	4,829	€ 1.30	€ 6,277.70
21/10/08 Xetra	Ulrich Dietz	Chairman of the Executive Board	Share purchase	2,171	€ 1.30	€ 2,828.81
20/10/08 Xetra	Ulrich Dietz	Chairman of the Executive Board	Share purchase	23,000	€ 1.24	€ 28,497.00
30/09/08 Frankfurt	Franz Niedermaier	Chairman of the Supervisory Board	Share purchase	10,000	€ 1.94	€ 19,400.00
13/02/08 Stuttgart	Andreas Bernhardt	Supervisory Board	Share purchase	3,000	€ 2.75	€ 8,250.00
28/01/08 Xetra	Franz Niedermaier	Chairman of the Supervisory Board	Share purchase	5,830	€ 2.81	€ 16,373.44
24/01/08 Xetra	Franz Niedermaier	Chairman of the Supervisory Board	Share purchase	500	€ 2.68	€ 1,340.00
22/01/08 Frankfurt	Franz Niedermaier	Chairman of the Supervisory Board	Share purchase	3,670	€ 2.64	€ 9,688.80
18/01/08 Xetra	Ulrich Dietz	Chairman of the Executive Board	Share purchase	33,000	€ 2.69	€ 88,836.00

Transparent communication with shareholders and the public

Transparency and continuity have top priority when it comes to communication with our investors, the capital market and the media. Close to publication we conduct telephone conferences with the Chief Financial Officer in order to elaborate on the Annual Financial Statements, the quarterly reports and the ongoing business development. Furthermore, the Investor Relations team continuously answers queries from shareholders.

Pursuant to section 15b Securities Trading Act (WpHG), GFT maintains an "insider directory" which lists all individuals who have access to insider information due to their position, or project-by-project under the provisions.

*For more information about
the GFT share in German and
English please visit the GFT
website: www.gft.com/ir*

These individuals are regularly informed about the obligations stemming from the insider law.

The Annual General Meeting of GFT Technologies AG offers shareholders of the company

the option of exercising their voting power to receive information about the corporate group and to engage in dialogue with the Executive Board and the Supervisory Board. The shareholders can thus be involved in various decisions affecting the company – for instance in voting on the use of retained earnings, the discharge of the Executive Board and the Supervisory Board, as well as the selection of members to the Supervisory Board and of the auditor. In addition to this, the Annual General Meeting also decides on planned changes to the Articles of Association, mergers and capital increases.

Implementation of corporate governance in everyday corporate life

The German Corporate Governance Code develops continuously. In the event that new requirements should arise, for example with the amendment of the Code on 6 June 2008, we promptly discuss how these requirements can be integrated into our internal and external processes.

Our compliance officer ensures with his work that the guidelines and processes established in the Code and in the rules of procedure are complied with at the Group level and also by our domestic and international subsidiaries.

Legal requirements in specific countries, as well as generally recognised processes that have been proven in practice, are supplemented and expanded upon by the Code. Rules of procedure that ensure the implementation of the corporate governance guidelines have proven effective in the individual companies.

Declaration of compliance with the German Corporate Governance Code

At their meeting on 15 December 2008, the Executive Board and Supervisory Board of GFT Technologies AG resolved to adopt the following declaration pursuant to section 161 of the German Stock Corporation Act (AktG).

1. GFT Technologies AG will comply with all recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 6 June 2008 with the following exceptions:

4.2.3 Agreement of severance payment cap in case of premature termination of a Management Board member's contract without serious cause.

There is no agreement between Management Board and Supervisory Board on premature termination of a Board Member's contract without serious cause, and there's no intention to conclude one.

4.2.4 “The total compensation of each member of the Management Board, divided into non-performance-related, performance-related and long-term incentive components, is to be disclosed by name, unless decided otherwise by the General Meeting by three-quarters majority.”

The General Meeting of GFT Technologies AG decided by a three-quarters majority on 23 May 2006 that compensation of the members of the Management Board shall not be disclosed individually.

5.3 Formation of Committees

Considering the manageable size of the Supervisory Board, GFT Technologies AG generally refrains from forming committees. This ensures efficient operation and comprehensive information for all Supervisory Board members.

5.4.6 (2) “Members of the Supervisory Board shall receive fixed as well as performance-related compensation. Performance-related compensation should also contain components based on the long-term performance of the enterprise.”

Supervisory Board members of GFT Technologies AG receive fixed compensation only.

2. Since the last Declaration of Compliance on 18 December 2007, GFT Technologies AG has complied with all recommendations of the “Government Commission on the German Corporate Governance Code” for the period from 18 December 2007 until 7 August 2008 (Code version dated 14 June 2007), as well as from 8 August 2008 until the date of this declaration (Code version dated 6 June 2008) with the following exceptions:

4.2.3 Agreement of severance payment cap in case of premature termination of a Management Board member’s contract without serious cause.

There has been no agreement between Management Board and Supervisory Board on premature termination of a Board Member’s contract without serious cause.

4.2.4 “The total compensation of each member of the Management Board, divided into non-performance-related, performance-related and long-term incentive components, is to be disclosed by name, unless decided otherwise by the General Meeting by three-quarters majority.”

The General Meeting of GFT Technologies AG decided by a three-quarters majority on May 23, 2006 that compensation of the members of the Management Board shall not be disclosed individually.

5.3 Formation of Committees

Considering the manageable size of the Supervisory Board, GFT Technologies AG generally refrains from forming committees. This ensures efficient operation and comprehensive information for all Supervisory Board members.

5.4.6 (2) “Members of the Supervisory Board shall receive fixed as well as performance-related compensation. Performance-related compensation should also contain components based on the long-term performance of the enterprise.”

Supervisory Board members of GFT Technologies AG have received fixed compensation only.

Corporate Governance on the internet:

Corporate Governance at GFT:
www.gft.com/corporate-governance

Complete wording of the German Corporate Governance Code as well as further information:
www.corporate-governance-code.de

Management Report and Group Management Report

of GFT Technologies AG as at 31 December 2008

Contents

1. Business operations	27
2. Legal Framework Conditions	28
2.1. Information pursuant to sections 315 (2) No. 4, 289 (2) No. 5 of the German Commercial Code (HGB)	28
2.2. Information pursuant to sections 315 (4) and 289 (4) of the German Commercial Code (HGB)	28
3. Economic environment	30
3.1. Macroeconomic developments	30
3.2. Development in the industry	30
4. Course of business	31
5. Development of revenue	32
5.1. Group revenue	32
5.2. GFT AG revenue	35
6. Earnings situation	35
6.1. Group earnings	35
6.2. GFT AG earnings	36
7. Financial position	37
7.1. Group financial position	37
7.2. GFT AG financial position	37
8. Net assets	38
8.1. Group net assets	38
8.2. GFT AG net assets	38
9. Employees	39
10. Research and development	40
11. Risk report	40
11.1. Opportunity and risk management at GFT	40
11.2. Business risks	41
11.3. Business environment/Sectoral risks	42
11.4. Financial risks	43
11.5. Other risks	43
11.6. Overall risk assessment	44
12. Events after the Balance Sheet Date	44
13. Opportunities and forecast	44

1. Business operations

Innovative IT solutions and services form the focal point of the GFT Group's operations. Founded in 1987 in St. Georgen in the Black Forest, GFT is now an experienced and reliable strategic partner for numerous clients all over the world in the field of information technology. More than 1,000 employees work at locations in seven countries in the *Services*, *Resourcing* and *Software* business divisions.

In the *Services* business division GFT combines well-founded experience in technology with comprehensive industry expertise in the financial sector. From this basis the company develops tailor-made IT solutions. GFT has established an international development model (Global Delivery Model) to deliver individual client service. Thus, clients have the flexibility to utilise both the professional expertise and the cost benefits of GFT's individual development centres, according to their requirements.

In the *Resourcing* business division, GFT recruits and places highly-qualified IT personnel, ranging from individual experts to complete project teams, for companies across all industries quickly and flexibly. If a client requires IT experts with specialised knowledge, GFT accesses an international pool of freelance IT experts. In Third Party Management, GFT takes over the entire purchasing process of external IT providers for its clients through emagine gmbh.

In the *Software* business division, GFT provides a new generation of IT solutions with its *inboxx* software that enables the management of all archiving processes via a standard and central infrastructure.

At the head of the GFT Group stands GFT Technologies AG (GFT AG), the Group holding company. It conducts its own business operations and simultaneously controls the other legally independent Group companies. Its key tasks include setting the corporate strategy, risk management and central financing. In this context contact is also maintained with the capital market and other interest groups. In addition, GFT AG handles Group-level administrative functions on behalf of its individual subsidiaries.

The GFT Group is strategically aligned for sustained profitable growth and increased enterprise value over the long term. Business operations at all company locations are coordinated worldwide across our three business divisions. GFT employs revenue, EBT (earnings before tax), profit margin and account collection targets as its key financial figures for gauging strategic goal attainment. Operational managers discuss all operational figures with the Executive Board on a monthly basis, who together develop any necessary countermeasures for rapid implementation.

In order to pursue a sustained growth strategy the Executive Board has implemented a value-oriented control system that focuses on staff and clients. We offer our staff a wealth of opportunities to contribute their skills and develop their potential. Feedback on staff development and satisfaction is obtained through annual appraisal interviews. To strengthen both, GFT has introduced a scheme for promoting trainees (High Potentials' Programme). Selected staff are encouraged and challenged for two years in multinational teams, with creativity and innovation forming the focal point of the project.

In addition, the workload capacity of staff is regularly monitored at development centres in order to ensure corporate success. The quality of our internal processes and development efforts is systematically monitored using the CMMI® (Capability Maturity Model Integration) model and proprietary quality controls.

GFT has also focussed intensively on the subject of corporate culture and defined joint core values. Staff can use this value system in their daily work and give it content. The Executive Board determines client satisfaction through a consistent exchange with its management. GFT's status as a strategic or preferred IT partner amongst its key clients is a testament to customer satisfaction.

2. Legal Framework Conditions

2.1. Information pursuant to sections 315 (2) No. 4, 289 (2) No. 5 of the German Commercial Code (HGB)

Principles of the remuneration system for the Executive and Supervisory Boards

Executive Board:

The remuneration of members of the Executive Board is composed of fixed compensation and results-related components that are assessed on the basis of the Group's revenue and results, as well as on the personal goals agreed upon with the individual members. In addition, remuneration for each of the members also includes the provision of a company vehicle for private use and, in two cases, contributions granted towards retirement pensions within a customary coverage framework. A retroactive change of the contribution amounts is excluded. Stock option programmes or similar securities-oriented incentive systems do not currently exist. During the past financial year, the total remuneration for members of the Executive Board totalled € 1.24m (prev. year: € 1.66m). On 23 May 2006, the Annual General Meeting of GFT Technologies AG resolved that the remuneration for individual Executive Board members should not be disclosed (Opting Out). In this respect, we are retaining our reporting structure to date.

Supervisory Board:

The remuneration for members of the Supervisory Board is regulated in the Articles of Association, and is exclusively composed of fixed compensation. The remuneration for Supervisory Board members was adapted, with the approval of the Annual General Meeting on 23 May 2006, to match the increased requirements pertaining to skill and responsibility, as well as the market environment. Each member of the Supervisory Board receives a compensation of € 11,000 per year. The Chairman receives twice this amount, and his deputy receives 1.5 times this amount. During the past financial year, the remuneration for members of the Supervisory Board totalled € 82,500 (prev. year: € 82,500). Additional benefits or remuneration for personal services rendered, in particular for consulting and referral services, were not granted. There are also no stock option programmes or similar securities-oriented incentive systems in place for the Supervisory Board.

2.2. Information pursuant to sections 315 (4) and 289 (4) of the German Commercial Code (HGB)

Structure of the share capital (No. 1):

As at 31 December 2008 the Company's issued share capital amounted to € 26,325,946.00 (no change from the previous year). It is divided into 26,325,946 bearer shares. The proportionate amount of share capital allocated to each share totals € 1.00. All Company shares were issued as ordinary bearer shares without nominal value (no-par shares). All shares grant equal rights. The rights and obligations imparted by the shares conform with the German Stock Corporation Act.

Shareholdings which exceed 10% of the voting rights (No. 3):

As at 31 December 2008, the Company is aware of the following direct equity participations that exceed ten percent of the voting rights: Mr. Ulrich Dietz (Chairman of the Executive Board) holds 28.46% of the GFT shares (prev. year: 28.29%).

Rules governing the appointment and replacement of Executive Board members (No. 6):

The appointment and replacement of members of the Executive Board is regulated in sections 84 and 85 of the German Stock Corporation Act. The German Corporate Governance Code regulates further principles concerning the appointment of members in section 5.1.2. Both regulations are taken into account. Pursuant to section 5 of the Articles of Association, the Supervisory Board determines the number of Executive Board members, which is a minimum of two. The Articles of Association do not contain any further regulations on the appointment or replacement of Executive Board members.

Rules governing the amendment of the Articles of Association (No. 6):

The requirements for the amendment of the Articles of Association are primarily regulated in sections 179 to 181 and 133 of the Companies Act. Reference is made to these provisions. The General Meeting can assign the authority to amend the Articles of Association to the Supervisory Board in so far as such amendments merely relate to the wording. This is allowed by the Company through the provisions in section 21 (1) of the Articles of Association.

Executive Board authorities, particularly the issuing and buy-back of shares (No. 7):

Authorised capital:

Pursuant to section 4 (5) of the Articles of Association, the Executive Board is authorised until 22 May 2011 to increase the Company's share capital, with the approval of the Supervisory Board, by up to € 10,000,000.00 through a one-time-only or repeated issuance of up to 10,000,000 bearer shares, against cash contributions and/or contributions in kind (authorised capital). The Executive Board can decide on the exclusion of subscription rights, with the approval of the Supervisory Board, in particular cases established in the enabling resolution and in section 4 (5) of the Articles of Association. For further details we refer to the specifications in the Notes to the Consolidated Financial Statements, or in the Notes to the Financial Statements.

Conditional capital:

The Company disposes of two levels of conditional capital (sections 192 et seq. German Stock Corporation Act), which are regulated in section 4 (6) of the Articles of Association.

Conditional capital I/1999

Share capital is conditionally increased up to a nominal € 780,000.00, divided in up to 780,000 shares made out to the owners (Conditional capital I/1999). This conditional capital increase serves the granting of purchase rights to members of the Executive Board and Company employees, as well as to members of executive management and employees of affiliated companies, in accordance with the resolution of the Annual General Meeting of 4 June 1999. The conditional capital increase will only be executed to the extent that holders of subscription rights utilise these rights. New shares participate in profits from the beginning of the financial year in which the exercise of subscription rights has taken place. The Executive Board is authorised to establish details on the execution of the conditional capital increase, as well as to define subscription rights with the consent of the Supervisory Board, provided this is in accordance with the resolution of the Annual General Meeting on 4 June 1999. Based on this authorisation up until now 542,529 subscription rights have been granted. These subscription rights expired without exercise by July 2005 at the latest.

Conditional capital II/2007

A conditional increase in share capital (Conditional Capital II/2007) of up to € 7,500,000.00, through the issuance of a maximum 7,500,000 dividend-paying bearer shares, was authorised as at the new financial year. This conditional increase provides for the issuance of shares against cash in connection with the exercise of convertible bonds and/or warrants issued by the Company or its subsidiaries through the date 21 May 2012, pursuant to a 22 May 2007 shareholder resolution. Only under the above conditions, namely the exercise of convertible bonds and/or warrants, may share capital be increased per the resolution. The Executive Board is authorised to determine the further specifics in connection with the issuance of shares under this contingency. Subscription rights in connection with this authorisation have thus far not been conferred.

Purchase of own shares:

The purchase of own shares is exclusively allowed under section 71 (1) of the Companies Act, if one of the exceptional circumstances regulated therein is present. At present, the Company does not possess an enabling resolution for the purchase of private shares pursuant to section 71 (1) No. 8 of the German Stock Corporation Act. Therefore, the Executive Board can buy-back own shares based exclusively upon the legal provisions of section 71 (1) of the German Stock Corporation Act, under the requirements therein regulated.

Compensation agreements with Executive Board members in the event of a change of control (No. 9):

In the event of a change of control, certain particularities will result in terms of the employment contracts with the Executive Board members, which are to be taken into account in evaluating the changed situation. In the event of a takeover bid following a change of control, and in other comparable situations, the members of the Executive Board are entitled to a temporary right of cancellation, which is agreed individually. Separate individual provisions are therefore stipulated. The term "change of control" is defined contractually. A change of control exists after the purchase of a minimum of 30% or the majority of voting rights in a company, by a third party or by several third parties acting together. In one case, a change of control is defined as the purchase of the majority of the company's shares. A change of control is also the conclusion of an affiliation agreement by GFT AG as a dependent company in accordance with section 291 of the German Stock Corporation Act, a company merger, and other comparable actions. If a member of the Executive Board should exercise his or her right to cancellation, such a member shall have a one-off claim to severance pay, which in two cases totals at least 50% of the annual pay which would have been accrued without exercising the special right of termination up to the end of the regular contract period, but at least 50% and a maximum of 100% of a full annual fixed salary. In one case compensation amounting to a full annual fixed salary plus one payment composed of part of the variable remuneration paid in the previous year and the sum of € 200,000.00 is agreed. However, this compensation is absolutely limited to 150% of the reimbursement for the regular residual contract period.

3. Economic environment

3.1. Macroeconomic developments

In 2008 the world economy was shaped by the financial crisis, which gripped the financial industry around the globe after starting in the USA, and increasingly affected the real economy. At the end of the year, the USA and Europe were in recession. A fall in readiness to invest led to a drop in capacity utilisation in the industry. This also affected the labour market, in that companies resorted to casual workers and short-time before initiating redundancies.

To stabilise the financial industry and support the economy, many of the governments of industrial nations decided on measures with short- and medium-term effects. According to the Munich-based ifo Institute for Economic Research, the world economic position fell to its lowest level for more than 20 years in the fourth quarter of 2008. The indicator shows that trust and confidence in a quick resolution to the problem has disappeared.

3.2. Development in the industry

The impact of the global crisis on the high-tech industry in 2008 was limited. The IT and software industry was able to hold its own, and even posted growth, according to the German Association for Information Technology, Telecommunications and New Media (BITKOM), with an increase from € 918 to € 960 billion worldwide and from € 63.9 to 66.2 billion in Germany.

Even though a temporary curb on investment led to subdued demand last year, IT also established itself as an essential cross-sectional competence in many industries, including the financial industry, without which companies can scarcely function. In these economically difficult times, intelligent IT solutions repeatedly gave companies the necessary support in utilising their own resources more efficiently, cutting costs and positioning themselves in a future-proof, competitive manner. When implementing such solutions companies appreciate flexible employment relationships and cost structures. Clients appreciate being able to bring in external experts as and when required, as well as the use of experienced and cost-effective outsourcing service providers, whether near- or offshore.

4. Course of business

Both the financial markets and the economy were subject to great turbulence in 2008. Against this backdrop, the **GFT Group** developed in a relatively stable manner. It achieved revenues of € 242.24m and generated earnings before tax (EBT) of € 6.93m. Thus GFT surpassed the forecast for the year which it had adjusted in autumn, when it lowered expectations to € 240m in revenue and € 6m EBT. The original forecast from the start of the year could not be achieved. The result was primarily due to stable projects with existing clients and possibilities for new projects especially in the fourth quarter. On the basis of the sound profitability and liquidity the Executive Board recommended to the Supervisory Board to pay a dividend of € 0.10 per share for the financial year 2008.

GFT AG carried out its function as a holding company in 2008. With effect from 1 January 2008, the emagine (Third Party Management) business was transferred to GFT Resource Management GmbH. In addition, the operations of the French business unit of GFT AG were integrated into its wholly-owned subsidiary, GFT Technologies SARL, with effect from 1 January 2008. Consequently all the sales of GFT AG as at 1 January 2008 are attributable to the *Services* business division in Germany. Excluding these effects, GFT AG was able to increase its revenue by 16% to € 37.94m. Earnings before taxes stood at € 9.83m (previous year € 2.59m).

By resolution of the Annual General Meeting GFT Technologies AG relocated its headquarters from St. Georgen to Stuttgart in June 2008. Some 30 people are currently employed in Stuttgart in the technology, sales and administration segments. St. Georgen will continue to be used as a location for development and administrative departments.

Development in the three business divisions:

The banking industry was more cautious in terms of new investments in IT projects compared to the previous year. Ongoing projects with existing clients in the *Services* business division were continued and expanded in some cases. In doing so, GFT was able to reinforce its position as one of the leading IT providers for the financial sector. In the international FinTech 100 Ranking the company moved up 16 places compared to last year and reached the forty-first place in the worldwide 100 best IT providers for the financial services industry. In addition, GFT has taken an important step in the global quality offensive and has reached the third maturity level of CMMI® (Capability Maturity Model Integration), an internationally recognised process model for software and system development.

On 29 February 2008, GFT AG sold 70% of its shares in GFT Technologies (India) Private Limited, Trichy, India, to the managing director of the company. Since 13 June 2008 it has traded under the name eQuadriga Software Private Limited. The background to this was the concentration of offshore activities at the Brazilian development site, which was further expanded last year. Following the founding of an independent company in New York on 11 June 2008, Brazil also serves as a nearshore location for North American clients.

Despite the financial crisis, the demand for freelance IT specialists continued to grow, which was positively reflected in the revenues for the *Resourcing* business division. GFT reacted promptly to special market needs. In response to the growing demand for SAP experts, the company founded an SAP competence centre at the beginning of 2008, with which the placement of suitable candidates was optimised.

In February 2008 GFT completed the last step in the operation to focus on archiving solutions in the *Software* business division and underlined this by changing the name of GFT Solutions GmbH to GFT *inboxx* GmbH. The business process management activities of the former GFT Solutions GmbH will be continued by former GFT staff in an independent company outside the GFT Group, which

will focus solely on this subject. The restrained readiness to invest on the part of clients across all industries had a particularly significant impact here. Correspondingly the hoped-for revenue success could not yet be achieved in 2008. Investments in the further development and sale of the archiving environment *inboxx* also led to a fall in the EBT in 2008 from € -0.60m to € -3.07m.

Against the background of the current global economic climate, the Executive Board is satisfied with the development of the Group and the AG.

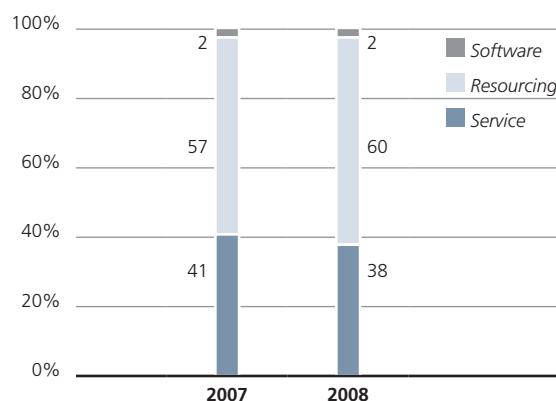
5. Development of revenue

5.1. Group revenue

The total revenue of the GFT Group came to € 242.24m in 2008, which was slightly below the level of the successful previous year (€ 247.07m). In the autumn the Executive Board had reduced the revenue forecast for 2008 as a whole to € 240m. Owing to new project possibilities in the fourth quarter this forecast was surpassed at the year end.

When viewed on a quarterly basis, GFT saw a similar development in 2008 as in the previous years: both revenue and EBT rose steadily from quarter to quarter.

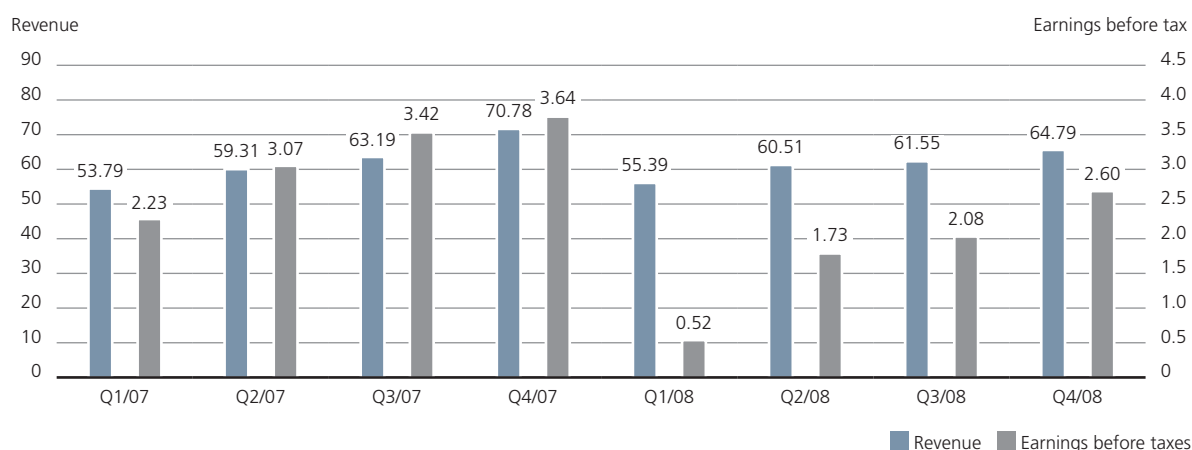
Revenue by divisions



The growing *Resourcing* business division had the biggest share in the total revenue, accounting for 60% (previous year: 57%). The share of the *Services* business division accordingly fell slightly from 41% to 38%. *Software* remained steady at 2%. Thus, the trend from previous years continued.

In the *Resourcing* business division (consisting of the Resource Management and Third Party Management areas) GFT generated revenues of € 145.68m in 2008. Thus, the previous year's amount was increased by 4% from €140.36m. The Resource Management (RM) area benefited from the continuing high demand for freelance IT specialist and grew by 24%. Revenue increased from

Development of revenue and EBT of the GFT Group on a quarterly basis (in €m)

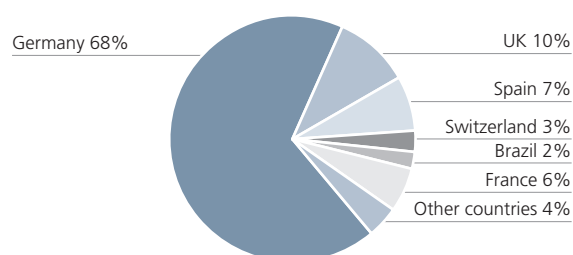


€ 54.42m to € 67.38m. Thus, the slight decline in the Third Party Management business (TPM) could be more than compensated for. Owing to the decrease in demand of a key client, GFT generated € 78.30m in this area, around 9% less than in 2007 (€ 85.94m). Owing to the higher profit margins in the RM area, GFT purposefully pushed ahead in expanding this division. Accordingly, its share in the *Resourcing* revenue increased, from 39% in the previous year to 46%.

Revenue in the *Services* division came to € 90.94m, and therefore fell by almost 10% compared to the previous year (€100.82m). This was mainly caused by a project with a large bank in Brazil, whose implementation phase was concluded at the end of 2007 and whose revenue contribution was correspondingly less in the reporting year. Whilst business with clients in Germany remained stable and new clients were acquired, the impact of the crisis in the financial sector was especially felt in the UK.

In 2008 archiving solutions business activity failed to live up to expectations in the *Software* division. The tense economic situation across all industries led to a restrained readiness to invest. Correspondingly revenue fell by 5% compared to the previous year (€ 5.89m) to € 5.62m.

Revenue by countries



By country, GFT generated the largest share of the Group revenue, namely 68% (previous year 69%), with clients from **Germany** in 2008. The fall in revenue in Germany by just under 4% compared to the previous year (€ 170.40m) to € 164.32m is largely due to the fall in demand from a key client in the Third Party Management area. On the other hand, the progress of projects in the *Services* business division was positive despite the difficult general economic situation. GFT was able to expand its business with existing clients and acquire new clients.

Business with clients in the **UK** accounted for 10% of the total revenue, just as in the previous year. GFT increased revenue from € 24.22m in 2007 to € 25.04m. On the one hand, the financial crisis placed a strain on project business with banks but, on the other hand, *Resourcing* activities initiated at the end of 2007 started to bear fruit.

GFT generated revenues of € 17.12m with clients in **Spain** (previous year € 15.45m). The share of overall revenue thus increased by one percentage point to 7%. In addition, Spain was still used intensively as a nearshore development centre for projects from Germany and Great Britain.

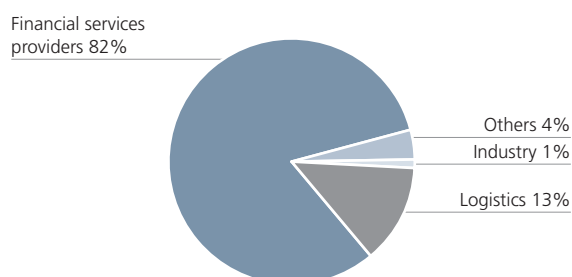
Revenue with clients in **France** also rose slightly. GFT generated 6% of its total revenue here (previous year 5%), namely € 14.65m (previous year € 13.40m). The business with clients from **other countries**, above all Benelux, Italy and the USA, increased by 55% to € 10.84m, which corresponds to a revenue share of 4% (previous year 3%). This was primarily due to licence revenue with the *inboxx* archiving environment and bank projects at several of our clients' locations.

Increased *Resourcing* activities were the cause of the almost 40% increase in revenue to € 6.52m in **Switzerland** (previous year € 4.67m). Thus, GFT generated 3% of its total revenue with Swiss clients (previous year 2%).

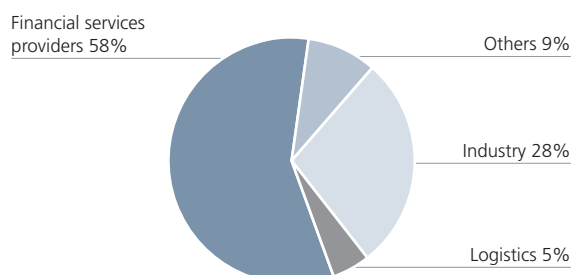
GFT is continuing to use the development centre in Brazil intensively as an offshore location for Europe and as a nearshore location for North America. On the other hand, the revenue from Brazilian clients fell sharply compared to the previous year. After € 11.95m in the previous year, it still came to € 3.76m in 2008, which corresponds to a revenue share of 2% (previous year 5%). The reason for this was the transition of the major project with a Brazilian bank from the implementation to the maintenance phase.

Revenue by industry

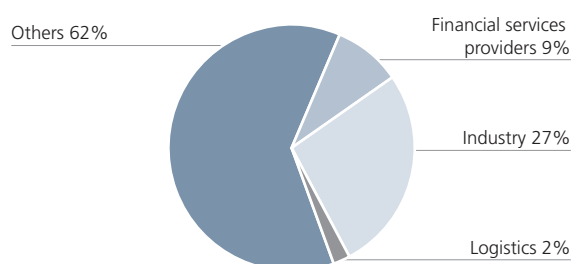
Services



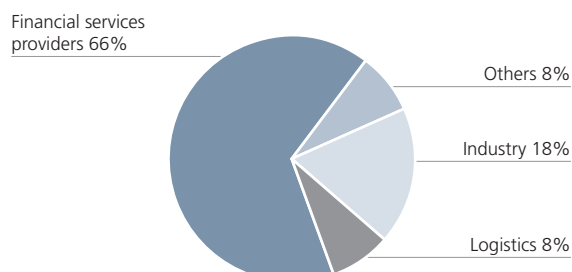
Resourcing



Software



Distribution over Group as a whole



In 2008, the GFT Group generated € 158.96m from clients in the financial services sector (previous year € 168.18m). This corresponds to 66% of the total revenue after 69% in 2007. The financial services sector thus remained the most important industry, followed by the industry section with 18% or € 42.61m (previous year 16% or € 40.60m).

The *Services* and *Resourcing* business divisions again generated the largest part of their revenue from clients in the financial services sector. In the case of *Services*, this sector accounted for € 74.27m and thus 82% of revenue (previous year € 78.62m or 78%). In the *Resourcing* division it was € 84.20m and therefore 58% (previous year € 89.23m or 64%). At 13% or € 12.00m, the logistics industry was the second-largest sector in the *Services* business division in 2008 (previous year 13% or € 12.83m). The *Resourcing* business division was able to increase its revenue from industry sector clients to 28% or € 40.01m (previous year 24% or € 33.97m) and so this sector remained the second largest one.

The distribution of revenue according to industries in the *Software* business division reflects the fact that the products are not tied to any particular sector.

In the reporting year, the share of revenue from other industries summarised under Others rose to 8% or € 20.48m (previous year 6% or € 15.52m).

5.2. GFT AG revenue

GFT Technologies AG carried out its function as a holding company in 2008. Both the emagine activities and the French business unit were detached, leaving the German *Services* division as the only operative business in the company. A comparison of the two financial years is limited or respectively not possible for this reason.

The revenue of GFT AG consequently fell from € 119.68m to € 37.94m. Excluding the revenue of emagine and from France (€ 32.74m), revenue increased by 16%. This is due to the successful projects with clients from the banking and logistics sector and a good utilisation of staff.

GFT AG generated 97% of its revenue in Germany (previous year: 99%).

6. Earnings situation

6.1. Group earnings

The **Earnings before taxes (EBT)** amounted to € 6.93m at the end of the year, and thus surpassed the 2008 forecast which had been reduced to € 6m in autumn. Over the year, it increased from quarter to quarter as usual, and ultimately led to an operating margin of around 3%. In the previous year this came to about 5% with pre-tax earnings of € 12.36m.

In addition to one-off effects in the *Services* and *Software* divisions, the financial and economic crisis had an impact in the form of restrained demand and increasing margin pressure.

Group earnings situation by division

Services, traditionally the division with the highest operating margin (7.8%; previous year 10.2%), made the biggest contribution to the Group result at € 7.12m. The fall versus the previous year of 31% or € 3.13m is above all

due to the fact that no recurring income from the large project in Brazil was included in 2007. The difference arising therefrom comes to around € 2.00m. In addition, there was a deconsolidation loss of € 0.19m from the sale of the Indian subsidiary. The further decrease is due to the price pressure of clients in the UK and Spain.

The divisional result from **Resourcing** remained virtually at the previous year's level (€ 3.49m) at € 3.43m and the operating margin fell from 2.5% to almost 2.4%. Owing to increased price sensitivity on the part of clients when purchasing freelancers, it was not possible to reflect the rising sales by correspondingly increased profitability. Thus, in Resource Management an increase in revenue of 23.8% was combined with a disproportionate increase in earnings of 10.5% to € 2.55m (previous year € 2.30m). The EBT margin stood at 3.8% compared to 4.2% in the previous year. In the case of Third Party Management, an expected reduced demand from a key client also impacted on margin pressure. With a fall in revenue of 8.9%, this division therefore posted a disproportionate fall in earnings by a quarter of € 1.19m to € 0.88m. The EBT margin fell from 1.4% to 1.1%.

In the **Software** division, investments in the Europe-wide marketing of the archiving environment *inboxx* did not lead to the desired result. Owing to the financial and economic crisis, the demand from clients across all industries remained restrained. The segment result fell from € -0.60m to € -3.07m and therefore failed to meet expectations. This had a negative effect on the Group's operating margin. Excluding the *Software* division, this would have come to 4.2%.

Group earnings by expenses and income

The Group's **other operating income** increased by € 0.97m to € 2.99m in 2008 (previous year € 2.02m). As in the previous year, this was mainly due to the liquidation of provisions.

At GFT the **cost of materials** traditionally mainly consists of purchasing external specialists for the *Resourcing* division and for clients' projects in the *Services* division. They fell by € 1.23m to € 148.99m (previous year € 150.22m). This is due to the fact that fewer freelancers were used on internal projects.

Personnel expenses increased by € 2.29m to € 66.82m (previous year € 64.53m). In addition to the expansion of the sales team in the *Software* division, Group-wide salary increases are also reflected in this.

The **depreciation of non-current intangible assets** and of tangible assets increased by € 0.22m to € 1.64m (previous year € 1.42m).

Other operating expenses increased marginally by € 0.27m to € 21.51m (previous year € 21.24m). The biggest items are operating expenses amounting to € 6.17m (previous year € 6.05m); this especially includes rental and incidental costs for premises, sales expenditure, including travel and advertising costs in particular, amounted to € 7.37m (previous year € 7.09m) and administrative and other expenses came to € 7.97m (previous year € 8.10m).

The GFT Group's **financial result** was stable at € 0.54m (previous year € 0.55m). An increase in net interest income by € 0.20m compares with depreciation on financial assets and securities at roughly the same level.

The **net income for the year** fell compared to the previous year by around 30% to € 6.02m (previous year € 8.59m). This was based on an income tax expenditure of € 0.90m compared to € 3.77m in the previous year. Two internal organisational processes are manifested therein which led to an exceptionally low tax rate of 13% when carrying out Group auditing according to IFRS, due to the obligation to capitalise deferred tax effects. Excluding these exceptions, the tax ratio would have been at 28.5% and therewith slightly below last year's level of 30%. Based on the posted net income for the year, this gave **earnings per share** for 2008 of € 0.23 after € 0.33 at the year end 2007.

6.2. GFT AG earnings

GFT AG posted earnings before tax of € 9.81m – which is 283% or € 7.25m more than in the previous year (€ 2.59m). The earnings situation in particular improved significantly, due to high dividend payouts and profit transfers; however it can only be compared to a limited extent, due to the detachment of emagine activities and the French business unit.

GFT AG earnings by expenses and income

Other operating income increased by around 17% to € 6.34m (previous year € 5.44m). The biggest single item here was the income from administrative cost-sharing charges as payment for Group-level service functions and allocated expenses for rent amounting to € 5.67m (previous year € 4.70m).

Cost of materials in the previous year included services purchased through external specialists for both the *Resourcing* business of emagine gmbh and for client projects in the *Services* business and a negligible expense for goods purchased. In 2008 this only included expenses for external specialists and service providers from other GFT companies deployed on clients' projects. This explains the considerable reduction of the amount from € 102.45m to € 19.69m.

Personnel expenses came to € 15.37m. They fell by around 10% or € 1.79m compared to the previous year (€ 17.16m). This was primarily due to the workforce of the emagine section, which, with its total of 12 employees, was no longer shown in the accounts of GFT AG in 2008.

Other operating expenses decreased by 23%. They fell by € 1.96m to € 6.61m and were distributed relatively equally over operating costs (€ 2.22m), sales costs (€ 2.16m) and administration and other costs (€ 2.23m).

Income from investments posted a significant growth with a plus of € 3.37m to € 6.07m (previous year € 2.70m). This especially includes dividends from the UK and Spanish subsidiaries. **Income from profit transfer agreements**, now including the TPM business absorbed in GFT Resource Management GmbH, increased by € 0.62m to € 2.16m (previous year € 1.54m).

These positive influences were adversely affected by depreciation on investments and current **assets** of € 0.99m (previous year € 0.83m).

Consequently the **financial result** doubled to € 8.37m (previous year € 3.88m).

The **net income for the year** increased sharply by € 7.00m or 282%. It came to € 9.48m compared to € 2.48m in the previous year. Including an allocation to the retained earnings of € 4.5m, a balance sheet profit of € 4.98m (previous year € 0.00m) is shown. For the first time in the company's history, the Executive Board will resolve at the Annual General Meeting on 9 June 2009 to pay a dividend of € 0.10 per share to shareholders from the balance sheet profit of GFT AG. This is equivalent to a total amount of € 2.63m.

7. Financial position

7.1. Group financial position

The solid financial position of the GFT Group improved again in 2008. The level of liquid cash rose as at 31 December by € 7.31m to € 33.01m (previous year € 25.70m). Including the security portfolio, the liquid funds totalled € 35.19m and were therefore € 6.49m higher than the previous year's figure of € 28.70m.

Cash flows from operating activities remained virtually constant at € 9.20m (previous year € 9.34m) despite the fall in the net income for the year. This is thanks to good payment behaviour by clients and more efficient management of receivables, with which GFT is counteracting the current economic environment, as well as the longer average account collection targets in the growing *Resourcing* business. In the reporting year € 1.81m flowed out due to **investment activities**, € 0.33m more than in 2007. As in the previous year, GFT focused on investments in equipment (€ -1.23m; previous year € -1.28m). The deconsolidation of the company in India impacted on the cash flow from investment activities with a minus of € 0.17m.

GFT did not carry out any notable financial transactions in the reporting period. **Cash flows from financing activities** of € -0.07m (previous year € -2.41m) were at a low level.

7.2. GFT AG financial position

The liquidity of GFT AG stayed positive at last year's level. As at 31 December 2008 GFT AG held cash on hand and on deposit of € 16.1m (previous year € 16.1m).

Cash flows from operating activities more than doubled from € 5.32m to € 11.16m. The cause for this lies mainly in the significantly improved result of € 9.48m (previous year € 2.48m), to which the subsidiary GFT Resource Management GmbH (incl. GFT Flexwork GmbH and emagine gmbh) contributed € 2.16m. All in all, GFT AG posted very good payment behaviour by clients, which led to exceptionally low trade receivables.

Cash flows from investing activities totalled € -11.05m (previous year € -0.70m). The outpayments for investments in intangible assets of € 2.82m mainly refer to the purchase of licence rights of the GFT *inboxx* GmbH. In addition, € 7.60m flowed out in connection with the detachment of emagine activities and the French business unit.

Both the GFT Group and GFT AG were able to meet their payment obligations at all times.

8. Net assets

8.1. Group net assets

As at 31 December 2008 the balance sheet total of the GFT Group increased by € 1.6m to € 113.5m. There were no significant changes to the balance sheet structure.

Group balance sheet structure 2007 and 2008



On the assets side, GFT can book **non-current assets** of € 31.22m (previous year € 30.89m). The goodwill remained unchanged, whereas the licences, industrial property rights and similar rights fell by 45% to € 0.48m,

due to the sales of the Indian company and the *inspire* software. Overall the value of the fixed assets, which include IT infrastructure measures in leased premises in Eschborn, remained stable. The financial assets show the remaining shares in the Indian company. Deferred tax claims increased by € 0.76m to € 6.70m.

In the case of **current assets**, the trade receivables account for the biggest block at € 44.12m. Advance payments by clients and more effective management of receivables contributed to a reduction of € 3.82m. In contrast, cash assets increased by € 7.32m to € 33.01m.

On the liabilities side, **equity** rose by € 5.44m to € 63.17m. As a result, the equity ratio increased from 52% to 56%.

Capital stock could be reduced by € 3.88m to € 50.32m. The **non-current liabilities** fell by € 0.47m to € 2,37m, which is attributable to lower provisions and deferred tax liabilities. The **current liabilities** fell by € 3.41m to € 47.95m. They mainly concern trade payables and other provisions in the *Resourcing* business.

The capital cover, expression of a solid balance sheet structure, could be increased further, namely the non-current assets are covered up to 202% by equity (previous year 187%).

8.2. GFT AG net assets

The balance sheet total of GFT AG has fallen by € 10.62m to € 56.50m after the detachment of the emagine area.

On the **assets side**, increased fixed assets (+ € 2.75m to € 19.78m) contrast with reduced current assets (- € 13.33m to € 36.51m). The growth in intangible assets by € 2.63m to € 2.79m is attributable to the acquisition of the licence rights to the *inboxx* and *hyparchiv* archiving environments. GFT AG acquired them from GFT *inboxx* GmbH at the market value in order to thereby stabilise the balance sheet situation of the subsidiary. The reduction in the trade receivables and the trade payables is mainly due to the integration of the emagine area in Resource Management GmbH. The receivables from affiliated companies of € 11.87m (previous year € 6.65m) relate to outstanding dividend distributions and loans.

Liabilities fell disproportionately by 63% to € 10.57m to the benefit of equity, which increased by 30% to € 40.90m, producing an equity ratio of 72% (previous year 47%). The reduction in the trade payables from € 19.15m to € 1.07m is directly connected with the detachment of emagine activities from GFT AG. Advance payments on orders increased by € 0.94m to € 5.02m.

9. Employees

The number of employees in the GFT Group workforce stood at 1,027 as at 31 December 2008 – including part-time workers included on a pro-rata basis – i.e. 60 people fewer than at the same time last year. The drop in the number of staff is mainly attributable to the sale of 70% of the shares in the Indian subsidiary GFT India Ltd, Trichy, India.

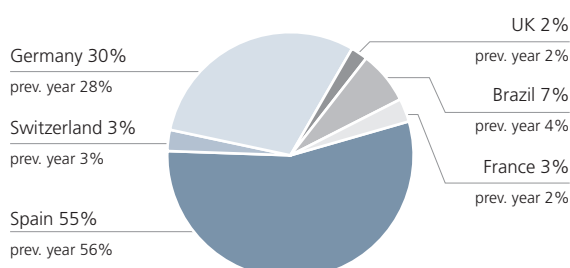
Employees as at 31 December

	2008	2007
Germany	309	301
Abroad	718	786
Total	1,027	1,087
Foreign share as %	70	72

Employees according to divisions

	2008	2007
Services	865	926
Resourcing	104	91
Software	58	70

Employees according to countries



The average number of employees in 2008 as a whole came to 1,037 persons compared to 1,072 persons in the previous year. At the end of 2008 the number of free-lancers fell by 33 persons to 1,284 compared to the same time in the previous year.

As at 31 December 2008, the GFT AG had 175 employees, 11 fewer than at the same time last year.

10. Research and development

Investments in research and development in 2008 were lower than the expenditure in the previous year (€ 3.64m) at € 2.26m. This corresponds to a share of just under 1% of revenue. As in previous years, personnel costs accounted for the lion's share (€ 2.22m or 98%). Research and development efforts remained focused on process innovation. In the *Services* division we have been working on further developing our procedure for software and system development since 2005 according to the internationally recognised CMMI® (Capability Maturity Model Integration) standard. CMMI® is a process model for assessing and improving the quality of product development processes in organisations. In mid-August 2008, the Spanish and Brazilian development centres achieved the level-3 quality requirements, an important milestone in GFT's global quality drive.

We have also worked harder on optimising and expanding our Group-wide internal information platform in the year under review. A number of new, far-reaching functionalities were added in 2008.

11. Risk report

A number of business opportunities and risks arise within the scope of international activities in the GFT Group's three business divisions *Services*, *Resourcing* and *Software*. Only by being willing to take risks can we exploit opportunities which present themselves. The risk strategy of GFT is based on a responsible assessment of risks and related opportunities. The company takes manageable and controllable risks, provided that a reasonable increase in value can be expected and there is no threat to the company's continued existence. The following risks and risk prevention measures are therefore valid for the GFT Group, and correspondingly applicable for GFT AG.

11.1. Opportunity and risk management at GFT

The risk management of the GFT Group is an integral part of the overall planning, control and reporting process. It is directly oriented to the structure of GFT Group and decentrally organised. GFT uses a number of co-ordinated risk management and control systems to recognise early both opportunities and trends that pose a risk to the company's continued existence.

The regular analysis of financial figures relating to the divisions' business activity and the international affiliates is thus used to anticipate, identify and assess early possible deviations from expected developments. A non-hierarchical reporting system with a defined procedure ensures that the management is informed ahead of time. The bodies of the GFT confer regularly across all levels, locations and countries in order to optimise exchange of information between operational and central areas.

The Risk Management Officer is the Group contact and immediately takes action if unforeseen risks occur. He is responsible for the development of the risk management system and its documentation in the risk management manual. To ensure efficient risk management at all hierarchical levels of the company a comprehensive risk manual is available to all staff worldwide in the intranet. In addition, it defines uniform standards and ensures that similar risk management processes are applied in the three business divisions. The internal audit department also monitors the individual Group companies and projects within the scope of audits and special audits. In addition, the structure and function of the risk early recognition system is also subjected to checks by the auditor. The aim is always to optimise the early recognition and control of opportunities and business, economic, industrial, financial and other risks that may pose a risk to the company's existence.

All the company's managers are integrated in the company-wide risk policy and the associated reporting. These include the Executive Board and the Managing Directors of associated companies, as well as the process and project managers.

The following risk items have been identified by GFT:

Risk areas at the GFT Group			
Business risks		Business environment/ Sectoral risks	
· Service · Resourcing · Software		· Business environment Risk · Sectoral risks	
Financial risks		Other risks	
· Non-payment risks · Exchange rate risks · Interest rate risks · Liquidity		· Personnel risks · Technological risks · Legal risks	

11.2. Business risks

The three business divisions of GFT – *Services*, *Resourcing* and *Software* – differ greatly in terms of the range of services they offer; as a result, their risk structure is also correspondingly different. It will therefore be analysed separately for each division.

Services

The *Services* business division focuses on the financial services industry. This might have the following impact on GFT: the crisis in the financial markets is currently leading to a reduction in the investment budgets of a large number of banks and insurance companies. Restrained demand from clients in this division could have a negative effect on the development of revenue and earnings. However, at the same time, the long-term demand from financial services companies for expertise in optimising IT-supported corporate processes such as risk management and bank control is increasing.

In the IT services market, GFT is holding its own against strong national and international competitors. By continuously maintaining core applications, the company has familiarised itself down to the smallest detail, with the IT situation of its clients over the years. When acquiring projects, GFT builds on these close client relationships, and also utilises its in-depth industry expertise in addition to its years of project experience. Long-term contracts and sustained project controlling safeguard revenue from projects with clients from the financial sector.

The success of large-scale and complex IT projects such as those realised by GFT crucially hinges on whether it is possible to implement them with a high degree of quality on the agreed budget and schedule terms. To prevent deviations from planning, GFT has established detailed and binding specifications for both preparation of the offer and project and quality management. In doing so, GFT follows the internationally recognised Capability Maturity Model Integration (CMMI®) process model. Application of the CMMI® process has in the past enabled us to significantly reduce technical problems such as projects going over budget or deadlines not being met. Project and quality management have been optimised with the successfully certified further development of internal processes according to CMMI® Level 3.

Resourcing

GFT continues to assume that the trend towards consolidation of IT suppliers will persist among large companies. Large companies often place value on processes becoming uniform and streamlined; they do not consider the sourcing of non-strategic service providers to be a core function of their enterprise.

GFT also still sees steady demand for the placement of external IT specialists. The Group is expecting companies to counteract the current shortage of skilled workers in the IT industry and in their own companies through the use of a flexible supply of external specialists. However, should the demand for IT experts fall, the revenue and earnings trend of the GFT Group could be adversely affected.

Around 61% of our revenue in the *Resourcing* division is generated from five major clients. Restrained demand from these clients would have an impact on revenue, but less of an effect on income.

Due to the *Resourcing* division's increasing share in the total revenue and the broad sectoral diversification in this business area, the risk of focusing too much on one industry in the *Services* division is reduced.

Software

In the software business we operate as an experienced supplier against stiff competition from an array of suppliers of various sizes. In our portfolio this division plays a complementary role. It achieves 2% of total revenue and opens up interesting foot-in-the-door possibilities with clients, thus creating opportunities for growth – even in other divisions.

The Group also utilises the opportunity to implement its own software products wherever interesting opportunities arise in *Services* division projects. With relevant partners we are increasingly tapping into market potential in countries in which GFT is currently not active. We have to expect revenue and result risks if GFT's products are not as successful in the market as expected or if the willingness of companies to invest is restrained given the economic climate.

11.3. Business environment/Sectoral risks

Macroeconomic environment

Business environment risks may arise due to economic fluctuations on local markets and other macroeconomic risks. The current economic downturn, triggered by the crisis on the financial markets, is leading to a cost-cutting strategy amongst companies in general, which is in turn reflected in reluctance to invest. GFT as well is not immune to this trend amongst clients.

Sectoral risks

Financial services industry

GFT currently generates about 66% of total revenue from financial service providers (previous year 69%). The share of revenue with the largest clients in this industry came to approximately 33% in 2008. GFT is gradually achieving significant revenue with projects which benefit from performances of two or even all three areas. The GFT Group is relying on careful strategic planning to ensure that market risks are still kept to a minimum. The Group is also resolutely spreading its client base.

IT industry

Information technology is developing at an incredible rate, and the IT services and software markets continue to be characterised by strong competition. GFT is working hard to meet the requirements of its clients through an anticipatory approach, to expand its portfolio and make use of the competitive advantage thus created through innovative solutions. GFT therefore watches the market closely and takes advantage of the opportunities for expanding its global presence. This enables the Group to remain independent of regional submarkets and to expand its client base.

11.4. Financial risks

Non-payment risks

Risks arise due to the partial or total default of receivables due from clients. The creditworthiness of large clients, mainly large banks and industrial clients, is subject to intense scrutiny. However, the default risks with respect to receivables are minimal on average in the long term, due to the predominantly high creditworthiness of these clients. Furthermore, within the framework of internal group reporting, overdue receivables receive a thorough examination each month and corrective measures are implemented. For new clients, particularly in the *Resourcing* division, comprehensive credit screening accompanies the preparation of an offer.

Exchange rate risks

GFT is only marginally exposed to exchange rate risks. The accounting and Group currency is the euro. Only a small section of transactions are processed in other currencies (Brazilian real, UK pound, Swiss franc and US dollar). In the case of projects that are produced and invoiced in a different currency, derivative financial instruments secure the amount required. This was not necessary in 2008.

Interest rate risks

The GFT Group has installed an active and centrally controlled treasury management system, which monitors interest rate and currency risks and, if necessary, intervenes to control them on an individual basis. In the field of investment in securities, GFT is subject to the usual market risks of interest rate changes in the capital markets.

Liquidity risk

The continuing good liquidity and equity base will also safeguard the financial independence of the GFT Group in 2008.

11.5. Other risks

Personnel risks

GFT's highly qualified employees form the basis for the lasting economic success of the company. Long-term staff retention and the recruitment of new staff is therefore vitally important to GFT. To safeguard this, the Group offers its staff attractive remuneration systems, individual training schemes and an interesting working environment geared to the respective employee's personal qualifications.

Technological risks

The business activities of the GFT Group in the *Services* and *Software* divisions are subject to rapidly advancing technological development. GFT's future market success as a leader in technology and innovation depends on how successful we are at recognising technological trends early on. The Group Technology Office (GTO) was assigned the bundling of these tasks and managing them Group-wide. This team observes market developments, prepares and evaluates trend analyses and pursues research and development. In the IT business GFT relies on its IT systems functioning efficiently and being reliable and always available. Qualified, internal experts are responsible for the service, maintenance and optimisation of our IT infrastructure. They have also established organisational and technical measures to practically exclude unauthorised access to and loss of essential data. These measures include an extensive security concept and emergency planning, but also technical protective measures such as data backups, access protection, network monitoring, virus scanners and firewall systems.

Legal risks

GFT's commitments to clients are regulated by contracts. We use specimen contracts that have been prepared and approved by our legal department. Any deviations from standard specimen contracts or clients' own contracts are checked by the legal department. Amendment requests are discussed and negotiated with clients when necessary. In doing so, GFT ensures that any possible assumptions of liability associated with its activities (e.g. warranties, service level agreements or industrial property rights) are correctly documented and remain limited to a justifiable measure. Should contractual provisions exceed the standards of the GFT Group or should guarantees be accepted or contractual penalties be agreed upon, for example, this shall require the additional vote and decision of the Executive Board.

11.6. Overall risk assessment

On the basis of the risk management system established by the GFT Group, the Executive Board concludes that no risks exist at present that might lead to inventory risk, or permanent or substantial impairment of the asset and financial earnings situation of the company. The early warning system for the detection of risks implemented by the GFT Group is constantly evolving and will be reviewed by the auditor in accordance with the statutory requirements.

12. Events after the Balance Sheet Date

No events occurred after the balance sheet date as at 31 December 2008 that are of significant importance to GFT.

13. Opportunities and forecast

Global economic outlook

Leading economic research institutes are largely unanimous in concluding that the global economy will have to struggle with the fallout from the financial crisis for some time yet. For instance, the current ifo economic forecast assumes that the global recession will continue in 2009. It does not expect the international economic climate to stabilise before 2010. Restrictive lending by banks and bad sales and earnings prospects are continuing to dampen companies' investment propensities. The financial, building and automotive industries and the public sector are most likely to benefit from governments' economic measures.

IT market

Around € 500m from the German government's second economic package is supposed to be invested in IT projects. This is also why the German Association for Information Technology, Telecommunications and New Media e.V. (BITKOM) is remaining optimistic with regard to the market trends for IT despite the economic crisis. It is expecting slight growth of 2.5% worldwide and 1.7% in Germany even in 2009. It considers opportunities in the outsourcing market to be especially promising. This market seems to be growing contrary to current trends, as companies can cost-effectively outsource IT tasks to external service providers and thus gain liquidity. According to the BITKOM industry barometer, qualified personnel are still sought after in the software and IT services sectors. 68% of companies surveyed are budgeting for either an increasing or stable demand for staff.

Revenue and earnings forecast

The uncertain macroeconomic trend makes it difficult to reliably estimate business development and give actual forecasts for the current and the subsequent business year. The fact that GFT has so far been able to hold its own successfully in the recessive phase of the global economy is a testimony to our business model with the *Services*, *Resourcing* and *Software* divisions. In growth phases these tend to have a stronger impact on each other due to cross-selling potential. In economically weak phases a change in client behaviour does not necessarily lead to a loss of revenue, but may result in revenue shifts from *Services* to *Resourcing*.

In the *Resourcing* business division we assume that the demand for freelance specialists for the IT sector will persist. We shall utilise this potential in 2009 and continue our growth in the Resource Management sector in particular.

We shall exploit the opportunities that arise from the trend towards outsourcing in our *Services* business division. In particular, we see new opportunities to acquire new clients and projects in the regulations for data management at banks, large banking mergers and IT-based risk management systems. In the light of these prospects, we are planning to recruit additional staff in Germany and Brazil.

The development of the *Software* business division largely depends on the future global economic situation. In a positive market environment we are expecting significantly improved sales success in this area.

Against this backdrop, we assume that the development of the GFT Group will remain stable. As things stand at the moment, we are expecting revenue to be generated at last year's level in 2009 and a pre-tax result of € 6 to € 8 million. We assume that the *Resourcing* and *Services* divisions will generate revenue at virtually the same level as last year and that the *Software* division will increase slightly. As regards the pre-tax result, we assume that we can significantly reduce the deficient cover in the *Software* division. In the two large divisions we are expecting equal pressure on our operating margins due to the recognised price pressure exerted by our clients.

Overall, we are confident that GFT will benefit in the long term from the opportunities that IT offers as an indispensable across the Board requirement in numerous industries. As a strategic partner for large reputable clients, we are ideally prepared, should they so wish, to implement intelligent solutions for utilising their resources more efficiently, saving costs and giving them a future-proof and competitive foothold in the market.

Stuttgart, 6 March 2009
GFT Technologies Aktiengesellschaft
The Executive Board



Ulrich Dietz
Executive Board (Chairman)



Marika Lulay
Executive Board



Dr. Jochen Ruetz
Executive Board

The Executive Board's recommendation for the appropriation of the Balance Sheet Earnings of GFT Technologies AG

The Executive Board proposes that the balance sheet earnings for the financial year 2008 of € 4,983,049.49 be applied as follows:

Payment of a dividend of € 0.10 per ordinary share	€ 2,632,594.60
Retained earnings	€ 2,350,454.89
Balance sheet earnings	€ 4,983,049.49

Stuttgart, 6 March 2009
GFT Technologies AG

The Executive Board

Consolidated Financial Statements

of GFT Technologies AG as at 31 December 2008

Contents

Consolidated Balance Sheet	48
Consolidated Income Statement	50
Consolidated Cash Flow Statement	51
Consolidated Statement of Changes in Equity	52
Notes to the Consolidated Financial Statements	54
Responsibility Statement	105
Auditor's Report	106

as at 31 December 2008
GFT Technologies Aktiengesellschaft, Stuttgart

48

LIABILITIES	Notes	31/12/2008 €	31/12/2007 €
Shareholders' equity			
Equity attributable to equity holders of the parent			
Share capital			
Conditional Capital € 8,280,000.00 (prev. year € 8,280,000.00)	(14)	26,325,946.00	26,325,946.00
Capital reserve	(14)	42,147,782.15	42,147,782.15
Retained earnings			
Legal reserve	(14)	0.00	0.00
Other revenues reserves	(14)	6,843,349.97	2,343,349.97
Changes in equity not affecting net income			
Foreign currency translations	(14)	-32,434.45	34,331.96
Reserve of market assessment for securities	(14)	-708,080.00	-196,300.00
Consolidated balance sheet loss	(14)	-11,403,899.20	-12,925,134.60
		63,172,664.47	57,729,975.48
Minority interests	(14)	0.00	0.00
		63,172,664.47	57,729,975.48
Liabilities			
Non-current liabilities			
Provisions for pensions	(15)	963,076.09	853,036.00
Other provisions	(17)	969,299.00	1,422,721.12
Other liabilities	(18, 20)	47,887.12	2,404.22
Deferred tax liabilities	(16)	392,204.10	564,461.71
		2,372,466.31	2,842,623.05
Current liabilities			
Other provisions	(17)	12,293,780.88	13,696,366.78
Current income tax liabilities	(16)	1,384,108.10	1,050,674.39
Financial liabilities	(18, 19)	150,000.00	150,000.00
Trade payables	(18)	26,100,329.27	28,915,694.45
Other liabilities	(18, 20)	8,022,807.83	7,546,613.73
		47,951,026.08	51,359,349.35
		50,323,492.39	54,201,972.40
		113,496,156.86	111,931,947.88

Consolidated Income Statement

for the period from 1 January 2008 to 31 December 2008

GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	2008 €	2007 €
Revenue	(21)	242,238,642.38	247,067,931.06
Other operating income	(22)	2,991,755.29	2,020,751.64
Other capitalised service	(7)	116,789.46	124,281.51
		245,347,187.13	249,212,964.21
Cost of materials			
a) Expenses for raw materials and supplies and for purchased goods	(23)	161,290.44	196,853.24
b) Costs of purchased services	(23)	148,823,854.01	150,019,278.28
		148,985,144.45	150,216,131.52
Personnel expenses			
a) Salaries and wages	(23)	55,549,028.19	53,488,923.37
b) Social security and expenditures for retirement pensions	(15. 23)	11,266,433.68	11,038,603.23
		66,815,461.87	64,527,526.60
Depreciation on non-current intangible assets and of tangible assets	(24)	1,643,990.81	1,415,801.31
Other operating expenses	(25)	21,514,686.67	21,235,909.39
Result from operating activities		6,387,903.33	11,817,595.39
Income from participations	(9)	20,000.00	0.00
Other interest and similar income	(27)	914,445.12	811,171.30
Expenses for investments in associates		42,825.82	0.00
Depreciation on securities	(13. 24)	319,067.35	135,000.00
Interest and similar expenses	(27)	35,196.09	131,412.48
Financial result		537,355.86	544,758.82
Earnings before taxes		6,925,259.19	12,362,354.21
Taxes on income and earnings	(16)	904,023.79	3,767,962.41
Net income		6,021,235.40	8,594,391.80
– attributable to minority interest	(14)	0.00	0.00
– attributable to equity holders of the parent (consolidated net income)	(14)	6,021,235.40	8,594,391.80
Loss carried forward from previous year		-12,925,134.60	-46,719,695.89
Allocated from capital reserve		0.00	25,198,781.84
Allocated from retained earnings – thereof from the statutory reserve		0.00	1,387.65
Allocations to retained earnings – to other retained earnings		-4,500,000.00	0.00
Consolidated balance sheet loss		-11,403,899.20	-12,925,134.60
Net earnings per share – undiluted	(29)	0.23	0.33
Net earnings per share – diluted	(29)	0.23	0.33

Consolidated Cash Flow Statement (IFRS)

for the period from 1 January to 31 December 2008

GFT Technologies Aktiengesellschaft, Stuttgart

	2008 €	2007 €
Net income	6,021,235.40	8,594,391.80
Depreciation on non-current intangible and tangible assets as well as financial assets	1,643,990.81	1,415,801.31
Changes in provisions	-1,732,680.04	1,599,056.42
Other non-cash expenses/income	555,377.71	135,000.00
Profit/loss from the disposal of long-term tangible and intangible assets as well as financial assets	314,608.81	36,839.64
Changes in trade receivables	3,824,334.70	-13,813,675.58
Changes in other assets	686,437.92	-813,820.76
Changes in trade liabilities and other liabilities	-2,118,248.18	12,186,472.68
Cash flow from operating activities	9,195,057.13	9,340,065.51
Cash receipts from sales of tangible assets	11,560.60	6,182.36
Cash payments to acquire tangible assets	-1,226,865.86	-1,276,426.31
Cash receipts from sales of non-current intangible assets	41.00	0.00
Cash payments to acquire non-current intangible assets	-420,175.06	-481,267.85
Sale of consolidated companies net of cash and cash equivalents disposed of	-174,067.05	0.00
Cash receipts for the short-term financial management of cash investments	0.00	3,786,823.79
Cash receipts for the short-term financial management of cash disposals	0.00	-3,510,957.51
Cash flow from investing activities	-1,809,506.37	-1,475,645.52
Cash receipts from issuing bonds/loans	0.00	0.00
Cash payments for repayments of bonds/loans	0.00	-2,415,840.80
Other changes in equity and minority interest	-69,846.41	6,218.35
Cash flow from financing activities	-69,846.41	-2,409,622.45
Change in cash funds from cash-relevant transactions	7,315,704.35	5,454,797.54
Cash funds at the beginning of the period	25,699,209.08	20,244,411.54
Cash funds at the end of the period	33,014,913.43	25,699,209.08

Consolidated Statement of Changes in Equity (IFRS)

as at 31 December 2008

GFT Technologies Aktiengesellschaft, Stuttgart

			Retained earnings		
	Subscribed capital €	Capital-reserve €	Legal reserve €	Other revenue reserves €	
As at 01/01/2007	26,325,946.00	67,346,563.99	1,387.65	2,343,349.97	
Financial assets available for sale (securities)					
– Change of fair value recognised in equity					
– transferred to income statement					
Exchange differences on translating foreign subsidiaries					
Deferred taxes taken directly to or transferred from equity					
Income and expenses recognised directly in equity					
Net income					
Total income and expenses for financial year 2008					
Allocated from capital reserve		-25,198,781.84			
Allocated from retained earnings					
– thereof from statutory reserve			-1,387.65		
As at 31/12/2007	26,325,946.00	42,147,782.15	0.00	2,343,349.97	
Financial assets available for sale (securities)					
– Change of fair value recognised in equity					
– transferred to income statement					
Exchange differences on translating foreign subsidiaries					
Deferred taxes taken directly to or transferred from equity					
Income and expenses recognised directly in equity					
Net income					
Total income and expenses for financial year 2008					
Allocations to retained earnings					
– to other retained earnings				4,500,000.00	
As at 31/12/2008	26,325,946.00	42,147,782.15	0.00	6,843,349.97	

Changes in equity not affecting results		Consolidated balance sheet loss €	Equity attributable to equity holders of the parent €	Minority interests €	Total share capital €
Foreign currency translations €	Market assessment for securities €				
42,176.11	23,437.50	-46,719,695.89	49,363,165.33	0.00	49,363,165.33
	-233,800.00		-233,800.00		-233,800.00
			0.00		0.00
-7,844.15			-7,844.15		-7,844.15
	14,062.50		14,062.50		14,062.50
-7,844.15	-219,737.50	0.00	-227,581.65	0.00	-227,581.65
		8,594,391.80	8,594,391.80	0.00	8,594,391.80
-7,844.15	-219,737.50	8,594,391.80	8,366,810.15	0.00	8,366,810.15
		25,198,781.84	0.00	0.00	0.00
		1,387.65	0.00	0.00	0.00
34,331.96	-196,300.00	-12,925,134.60	57,729,975.48	0.00	57,729,975.48
	-508,700.00		-508,700.00		-508,700.00
			0.00		0.00
-66,766.41			-66,766.41		-66,766.41
	-3,080.00		-3,080.00		-3,080.00
-66,766.41	-511,780.00	0.00	-578,546.41	0.00	-578,546.41
		6,021,235.40	6,021,235.40	0.00	6,021,235.40
-66,766.41	-511,780.00	6,021,235.40	5,442,688.99	0.00	5,442,688.99
		-4,500,000.00	0.00	0.00	0.00
-32,434.45	-708,080.00	-11,403,899.20	63,172,664.47	0.00	63,172,664.47

Notes to the Consolidated Financial Statements

as at 31 December 2008

GFT Technologies Aktiengesellschaft, Stuttgart

General data and methods

1. General information

The Consolidated Financial Statements of the GFT Technologies Aktiengesellschaft (GFT AG) as at 31 December 2008 have been drawn up using Article 315a of the German Commercial Code, in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) London as they are to be applied in the EU, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The Consolidated Financial Statements of the GFT Technologies AG as at 31 December 2008 is consistent with IFRS which has to be applied within the EU and has become effective until the closing date.

The Consolidated Financial Statements have been drawn up in €. As far as amounts are rounded to thousand euros (€(k)) or million euros (€m), this is noted. The income statement was prepared pursuant to the total cost method. The Consolidated Financial Statements were approved by the Executive Board on 6 March 2009, and released for publication by the Supervisory Board on 23 March 2009.

GFT is an international provider of innovative IT solutions, active in the *Services*, *Resourcing*, and *Software* divisions (see Segment report). GFT AG is registered in Germany in the legal form of a public limited company with headquarters at Filderhauptstr. 142, 70599 Stuttgart (up to 25 August 2008 at Leopoldstr. 1, 78112 St. Georgen). GFT AG is the ultimate parent company of the GFT Group.

2. Effects of new or changed accounting standards

Accounting standards applied for the first time in the fiscal year 2008

IFRIC 11 "IFRS 2 – Group and treasury share transactions" answers the question of how IFRS 2 is to be applied to share-based payment agreements that contain the company's own equity instruments or equity instruments of another company from the same Group. The first application of IFRIC 11 had no effect on the GFT consolidated financial statements, given its lack of practical relevance.

In IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", the balance sheet recognition of the plan assets that exceed the pension obligation is treated as an asset. The interpretation concretises the determination of the economic benefit from the over-allocation of a pension plan for the company. Beyond this, concrete rules are given for recognising legal minimum allocation specifications in a plan's assets. The first application of IFRIC 14 had no effect on the GFT consolidated financial statements.

The amendment to the standard "Restructuring of financial assets (changes to IAS 39 Financial Instruments: Recognition and Measurements and IFRS 7 Financial Instruments: Disclosures)" opens up the option for companies, under certain prerequisites, to measure a few non-derivative financial assets, which were previously to be measured at fair value, at amortised costs. Expanded notes disclosure on the reclassification of financial assets is also required. The new specifications could be used for the first time on 1 July 2008. The GFT Group did not undertake any reclassifications in 2008 due to these changes; the GFT consolidated financial statements were not influenced by the amendment to the standard.

Newly issued, but not yet applied accounting standards

The table below shows which new or amended standards or interpretations issued by the IASB have not yet been applied by GFT in the fiscal year 2008.

Standard	Interpretation	Applicable to fiscal years from	Planned first application at GFT from
IFRS 1	First application of IFRS (revised) ^{1, 3, 5}	1 January 2009	1 January 2009
IFRS 2	Share-based Payment (amendment) ¹	1 January 2009	1 January 2009
IFRS 3	Business Combinations (revised) ^{3, 4}	1 July 2009	1 January 2010
IFRS 8	Operating Segments ²	1 January 2009	1 January 2009
IAS 1	Presentation of Financial Statements (amendments) ¹	1 January 2009	1 January 2009
IAS 23	Borrowing Costs (amendments) ¹	1 January 2009	1 January 2009
IAS 27	Consolidated and Separate Financial Statements according to IFRS (amendments) ^{3, 4}	1 July 2009	1 January 2010
IAS 32	Financial Instruments: Presentation (amendments) ²	1 January 2009	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement (amendment eligible hedged items) ^{1, 3}	1 July 2009	1 January 2010
IAS 39	Financial Instruments: Recognition and Measurement (amendment Reclassification of Financial Assets: Effective Date and Transition) ^{1, 3, 5}	1 July 2008	1 January 2009
Various	Improvements to IFRSs ¹	1 January 2009	1 January 2009
IFRS 1, IAS 27	Amendments to IFRS 1 and IAS 27 ¹	1 January 2009	1 January 2009
IFRIC 12	Service Concession Arrangements ^{1, 3, 5}	1 January 2008	1 January 2009
IFRIC 13	Customer Loyalty Programmes ¹	1 July 2008	1 January 2009
IFRIC 15	Agreements for the Construction of Real Estate ^{1, 3, 5}	1 January 2009	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation ^{1, 3, 5}	1 October 2008	1 January 2009
IFRIC 17	Distributions of Non-Cash Assets to Owners ^{1, 3}	1 July 2009	1 January 2010
IFRIC 18	Transfers of Assets from Customers ^{1, 3}	1 July 2009	1 January 2010
IFRS 7	Improving Disclosures about Financial Instruments ^{2, 3, 5}	1 January 2009	1 January 2009

¹ No notable effects are expected on the consolidated financial statements of GFT AG.

² Mainly additional/modified notes to the consolidated financial statements of GFT AG are expected.

³ Announcement of the IASB/IFRIC has not been accepted by the EU.

⁴ Effect on the consolidated financial statements of GFT AG still has to be ascertained.

⁵ Subject to yet outstanding endorsement by the EU.

3. Consolidated group

In the Consolidated Financial Statements as at 31 December 2008 in addition to GFT Technologies AG the following subsidiaries were also included (fully consolidated):

- GFT Technologies (Schweiz) AG, Wallisellen, Switzerland
- GFT *inboxx* GmbH, Hamburg, Germany
- GFT Technologies GmbH, Vienna, Austria
- GFT UK Limited, London, UK
- GFT Iberia Solutions, S.A., Sant Cugat del Vallés, Spain
- emagine gmbh, Eschborn, Germany
- Emagine Servicios de Consultoría e Informática, S.A., Sant Cugat del Vallés, Spain
- GFT Brasil Consultoria Informática Ltda., São Paulo, Brazil
- GFT Resource Management GmbH, Eschborn, Germany
- GFT Flexwork GmbH, Berlin, Germany
- GFT Technologies SARL, Neuilly Sur Seine, France
- GFT Business Development GmbH, Eschborn, Germany
- GFT USA INC., New York, USA (included for the first time)
- GFT Holding France SARL, Neuilly Sur Seine, France (included for the first time)

Compared to the Consolidated Financial Statements as at 31 December 2007, the following changes have resulted for the consolidated Group and the subsidiaries.

On 29 February 2008, GFT AG sold 70% of its shares in the subsidiary GFT Technologies (India) Private Limited, Trichy, India. GFT Technologies (India) Private Limited left the consolidated group on 29 February 2008; since then, this company (now eQuadriga Software Private Limited) has been an associate, whose shares are shown in the balance sheet using the equity method. In financial year 2008 and in financial year 2007, GFT Technologies (India) Private Limited accounted for a share in revenues amounting to in each case 0.0%; as at 31 December 2007 and on the date of divestment, its share in the financial assets of the group amounted to 0.3%. The hiving off of GFT Technologies (India) Private Limited did not have any material effect on the assets, financial and earnings position of the Group; the costs of the sale amounted to €(k) -193.

GFT USA Inc. domiciled in New York, US, was founded on 11 June 2008 as a full subsidiary of GFT Iberia Solutions, S.A., Sant Cugat del Vallés, Spain. In financial year 2008 GFT USA Inc. did not achieve any mentionable revenue and contributed to the Group result with €(k) -199.

With effect on 1 January 2008, GFT AG sold its holdings in emagine gmbh, Eschborn, to GFT Resource Management GmbH, Eschborn and contributed its operative share in “emagine” to GFT Resource Management GmbH by means of singular succession. These intergroup transactions had no effect on the Group’s assets, financial and earnings position.

Also with effect on 1 January 2008, the French business unit (Paris) of GFT AG was transferred to GFT Technologies SARL, Neuilly Sur Seine. In this connection, GFT Holding France SARL, Neuilly Sur Seine, which does not exercise any operating activity was founded. These intergroup transactions had no effect on the Group’s assets, financial and earnings position.

Since 1 February 2008, the subsidiary GFT Solutions GmbH has been trading under the name GFT *inboxx* GmbH, Hamburg. By implementing the resolution of the Annual General Meeting of 11 June 2008, the domicile of GFT AG has been Stuttgart since 25 August 2008; it was previously St. Georgen.

4. Consolidation methods

Assets and liabilities of domestic and foreign companies included in the Consolidated Financial Statements are stated in accordance with uniformly applicable accounting and valuation methods.

Capital was consolidated through application of the purchase method by offsetting the investment book values with the revalued equity of the subsidiaries at the time of acquisition. In this process, assets, debts and possible liabilities are stated at their current value. Remaining differences are reported as goodwill. The hidden reserves and encumbrances disclosed are amortised on the basis of the corresponding assets and debts. The stockmarket price on the day of transfer, or a minimum price contractually guaranteed to the purchaser, was the basis for the historical costs of shares in subsidiaries purchased through surrender of GFT shares.

The write-ups or depreciation on equity interests in group companies shown in individual financial statements have been cancelled again in the Consolidated Financial Statements.

Group-internal gains and losses, revenue, expenses, and income, as well as receivables and liabilities existing between consolidated companies are eliminated. Particularly assets included in assets and inventories from Group-internal deliveries and services are adjusted by intercompany profits.

Income tax effects have been taken into consideration and deferred taxes are reported in the consolidation processes.

The Consolidated Financial Statements include businesses of those companies in which GFT AG holds the majority of voting rights either directly or indirectly (subsidiaries), or due to its economic authority arising from the activity of the affected companies, can take a majority of the economic impact, or must carry a majority of the risk, usually though an equity holding in excess of 50%. Inclusion starts at the moment the possibility of dominance exists. It ends when the possibility of dominance no longer exists.

Those investments though, in which GFT AG exerts a significant influence – usually due to an equity holding ranging between 20% and 50% – are valued in accordance with the equity method. For investments valued in accordance with the equity method, historical costs are increased or reduced annually by the amount of respective equity changes in the GFT stake. For first-time inclusion of investments in accordance with the equity method, differences from first-time consolidation are treated in accordance with the principles of full consolidation. The shares in associated companies, as well as the expenditures from shares in associated companies recognised on 31 December 2008, concern the shares in eQuadriga Software Private Limited (formerly GFT Technologies (India) Private Limited), Trichy, India. We refer to point 9 of the notes to the Group Financial Statements.

The balance sheet dates of companies included in the Consolidated Financial Statements correspond to the date of the Consolidated Financial Statements (31 December).

5. Currency translation

In the individual financial statements of the consolidated companies foreign currency transactions are translated at the rates valid at the time of the business transaction. In the balance sheet, monetary items in foreign currency are translated at the closing rate at year end, and the foreign exchange gains and losses are recognised in a manner that affects earnings.

The Annual Financial Statements of foreign Group companies are translated into € as stipulated in IAS 21, in accordance with the functional currency concept. Currently this is the respective national currency for all subsidiaries, as these companies operate their business in a manner that is financially, economically, and organisationally autonomous. Thus assets and liabilities are translated at the rate prevailing on the balance sheet date, expenses and earnings are translated at the annual average rate. Differences are shown separately in equity as "Deferred items for currency translation". If Group companies leave the consolidated group, the applicable currency translation difference is liquidated affecting net income.

6. Essential accounting and valuation methods

Intangible assets and impairment test

Intangible assets acquired for a consideration are activated at historical costs and – with the exception of goodwill and intangible assets with indeterminate useful life – are subject to depreciation on a straight line basis over their economic useful life. This particularly involves software that is depreciated over three years; the depreciations start at the purchase date. Impairments are taken into consideration through non-scheduled depreciation. If the reasons for unscheduled depreciation drop out, appropriate attributions are written down that should not exceed the amortised historical cost.

There are intangible assets with no indeterminate useful life within the GFT Group.

Goodwill, including goodwill from the capital consolidation is no longer subject to scheduled depreciation. In accordance with IFRS 3 and the thereby revised standards IAS 36 and IAS 38, goodwill is audited annually for possible impairment. If events or changed circumstances indicating a possible impairment occur, the impairment test has to be performed more frequently.

As part of the impairment test of assets in the GFT Group, the residual book values of individual cash-generating units with their respective recoverable amount, i.e. the higher value from fair value less costs to sell, and its value in use, are compared. In accordance with the definition of a cash-generating unit, the strategic divisions of the GFT group are always used as cash generating units.

If the book value of the cash-generating unit is higher than its recoverable amount, there is an impairment loss in the amount of the difference. In the first step, goodwill of the affected strategic unit thus determined is written off in the amount of the impairments and recognised as expense. A possible remaining residual amount is distributed over the other assets of the respective strategic business unit proportionally to book value. Value adjustments are shown in the income statement under depreciation.

The cash value of future payments is used as the basis to determine the achievable amount, due to continuous use of the strategic unit and whose disposal is expected at the end of its useful life. The payment forecast is based on the current plans of the GFT Group. The capitalisation rate is determined as a pre-tax rate, with consideration of a risk component.

Research and development costs, internally produced intangible assets

Research costs are registered as an expense when they are accrued. Development costs for software products are capitalised as intangible assets provided the capitalisation requirements under IAS 38 are satisfied, particularly provided if an economic benefit for the GFT Group is expected to be generated by the intangible asset. If the requirements for capitalisation are not met, development expenditures are registered in the period they are incurred in. The acquisition or production costs of an internally produced intangible asset include all costs that can be directly allocated to the development process and an appropriate share of development-related overhead costs. Financing costs are not capitalised. Depreciation is charged over three years from the time of completion on a straight-line basis.

Tangible assets

Tangible assets are stated at historical costs, reduced by scheduled use-related depreciation and non-scheduled depreciation. Schedule depreciation is executed linearly over the useful life, from three to thirteen years. Repairs and maintenance costs are recognised as expense when they are incurred. Retroactive historical or production costs are activated if there is future economic benefit through the costs associated with the tangible asset.

Non-scheduled depreciation on intangible assets is executed in accordance with IAS 36 if the recoverable amount of the respective asset has dropped below the book value. The recoverable amount is the higher value from value in use and fair value, minus selling costs. If the reasons for non-scheduled depreciation discontinue, appropriate write-ups are undertaken. See the information on intangible assets and impairment test above for the impairment test procedure.

If tangible assets (or long-term immaterial assets) are leased, and if the economic ownership remains with the respective Group company (finance lease), such assets are activated at the beginning of the leasing relationship at fair value, or with the lower cash value of the minimum leasing rate in accordance with IAS 17, and depreciated according to their useful life; the respective payment liabilities from future leasing rates are recorded as liabilities. If economic ownership remains with the lessor, the leasing rates are recognised linearly as expense over the term of the leasing relationship (operating lease).

Inventories and work in progress

In accordance with IAS 2 assets that are held for sale in the course of normal business are shown under inventories (goods). The goods are valued at historical costs, or lower net realisable value, on the balance sheet date.

Work in progress is treated in accordance with IAS 18 or IAS 11 based on percentage of completion that has been realised and the associated contract costs. Profit is thus realised in accordance with the services provided as at the balance sheet date, in this process the percentage of completion is determined for projects on the basis of employee/subcontractor project time. Project losses are recognised immediately as expense.

Financial instruments

A financial instrument is a contract that simultaneously leads to the creation of a financial asset at one company and to a financial liability or an equity instrument at another company. Financial instruments recorded as financial assets or financial liabilities are always listed separately. Financial instruments are recorded as soon as GFT becomes the contracting party of the financial instrument. Financial instruments are initially recognised at fair value. Transaction costs directly attributable to the acquisition or the issue are included when determining the asset value if the financial instruments are not measured at fair value through profit or loss. For the follow-up valuation the financial instruments are assigned to one of the valuation categories listed in IAS 39.

Financial assets

Financial assets especially include trade receivables, cash and cash equivalents, other receivables and existing loans, securities, specific financial investments and derivative financial assets with positive fair values. Normal purchases and sales of financial assets are shown in the balance sheet on the settlement date.

– Financial assets measured at fair value through profit or loss

comprise the financial assets held for trading purposes, including derivatives, unless they have been designated as hedging instruments and are effective as such. Certain securities existing at the time which were classified as at fair value through profit or loss in the course of the initial application of the revised IAS 39 in 2005 also fall into this category. Amendments to the fair value of financial assets in this category are recorded as recognised in profit or loss at the time of the increase in value or impairment.

– Loans and receivables

are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are valued at the amortised cost using the effective interest method. The trade receivables, the financial receivables shown in the other assets and cash and cash equivalents are assigned to this valuation category. Profits and losses are recorded in the consolidated profit or loss if the loans and receivables are written off or depreciated. The interest effects from applying the effective interest method are also recorded as being recognised in profit or loss.

– Available-for-sale financial assets

comprise those non-derivative financial assets which have not been assigned to one of the aforementioned categories. These are in particular equity (investment) measured at fair value, and liabilities (securities) not held to maturity. After the initial valuation available-for-sale financial assets are measured at fair value, with the non-realised profits or losses recognised directly in equity in the market assessment reserve. If there are actual references to impairment, or if amendments to the fair value of a loan capital instrument result from currency fluctuations, these are recognised in profit or loss. When financial assets are retired, the cumulative profits or losses recognised in equity from the valuation are recorded at fair value through profit and loss. If the fair value of unquoted equity instruments cannot be determined with sufficient reliability, the shares are valued at amortised cost (if applicable, minus impairment). Interest received is recognised in profit or loss as interest income using the effective interest method. Dividends are recognised in profit or loss when the legal claim to payment arises.

Financial assets are written off if the contractual rights to payments from the financial assets no longer exist or the financial assets are transferred with all the material risks and opportunities.

Impairment of financial assets

The carrying amounts of financial assets which are not measured at fair value through profit or loss are examined on each balance sheet date, to establish whether actual references (such as considerable financial difficulties on the part of the debtor, increased risk of insolvency on the part of the debtor, breach of contract, significant changes in the technological, economic and legal environment and the market environment of the debtor) indicate an impairment. In the case of equity instruments, a sustained or significant reduction in the fair value is an actual reference to a potential impairment. GFT carries out an individual assessment of the impairment requirement on a case-by-case basis.

– Loans and receivables

The size of the impairments in the case of loans and receivables is the difference between the carrying amount of the assets and the present value of the expected future cash flow (with the exception of future loan defaults not yet suffered) discounting the original effective interest rate of the financial asset. The impairment is recognised in profit or loss. If the impairment sum falls in one of the following audit periods, and this reduction can be actually attributed to a situation occurring after the recognition of the impairment, the previously recognised impairment is reversed through profit or loss. The impairments of loans and receivables (e.g. trade receivables) are mainly recognised in value adjustment accounts. The decision regarding whether a credit risk will be taken into account by means of a value adjustment account or via a direct reduction in the receivable depends on the estimated level of bad debt probability. If receivables are classified as irrecoverable, the corresponding impaired asset is written off.

– Available-for-sale financial assets

If an available-for-sale asset is impaired in its value, an amount previously recognised only directly in equity is recognised in the income statement as the sum of the difference between the costs of purchase (minus any repayments or amortisation) and the current fair value, minus any valuation allowances for this financial asset already previously recognised in profit or loss. Reversal of an impairment loss in the case of equity instruments which are classified as available for sale is recognised directly in equity. Reversal of an impairment loss in the case of loan capital instruments is recognised in profit or loss if the increase in the fair value of the instrument can actually be attributed to an occurrence that took place after the impairment was recognised in profit or loss.

Financial liabilities

Financial liabilities include in particular trade payables, liabilities to banks or other lenders, specific other liabilities and derivative financial liabilities with negative fair values.

– Financial liabilities which are valued at amortised cost

After the initial recognition, the financial liabilities are valued using the effective interest method at amortised cost.

– Financial liabilities which are measured at fair value through profit or loss

Financial liabilities which are measured at fair value through profit or loss comprise financial liabilities held for trading purposes. Derivates are classified as being held for trading purposes unless they have been included in hedge accounting as hedging instruments and are effective as such. Profits or losses from financial liabilities which are held for trading purposes are recognised in profit or loss.

Financial liabilities are written off if the contractual liabilities have been paid, cancelled or have expired.

Derivative financial instruments and hedge accounting

Derivative financial instruments such as futures trading, swaps, options, interest rate futures trading may be used to hedge risks. Derivative financial instruments are shown at their fair value when initially recognised and on each following balance sheet date. Derivatives are reported as an asset if their fair value is positive and as a liability if their fair value is negative.

If the guidelines of IAS 39 for hedge accounting have been met, GFT designates and documents the hedging relationship from this point in time, either as a fair value hedge or a cash flow hedge. In the case of a fair value hedge, the fair value of a recognised asset or liability or an unrecognised firm commitment is hedged. In the case of a cash flow hedge, payable or receivable fluctuating cash flows in connection with a recognised asset or a recognised liability or highly probable future cash flows are hedged. The documentation of the hedging relationship contains the targets and strategy of the risk management, the type of hedging relationship, the hedged risk, the name of the hedging instrument and the basic transaction, as well as a description of the efficacy measurement method.

Changes in the fair value of derivatives are regularly included in the earnings or in equity as part of the reserves, depending on whether the hedging relationships are fair value hedges or cash flow hedges. In the case of fair value hedges, the changes in the market value of derivative financial instruments and the relevant basic transactions are recognised in profit or loss. The changes in the fair value of derivative financial instruments which are attributed to a cash flow hedge are initially recognised directly in equity in the reserves to the sum of the hedge-effective portion after tax. The hedge-ineffective portions of the changes in fair value are recorded directly in earnings. The transfer to the income statement coincides with the effect on net income of the hedged basic transactions.

If derivative financial instruments are not included, or are no longer included in hedge accounting because the conditions for hedge accounting have not been or are no longer met, they are classified as being held for trading purposes.

Other receivables and liabilities as well as borrowing costs

Deferments, prepayments, as well as non-financial assets and liabilities are stated with the amortised historical costs. They are liquidated linearly or according to the provision of service.

Borrowing costs are recorded as an expense in the period in which they occur without consideration of the use of the borrowed capital.

Provisions

Provisions for employee benefits are made according to IAS 19. The actuarial valuation of pension provisions is based on the projected unit credit method prescribed in IAS 19. In addition to pensions and acquired entitlements known at the balance sheet date, expected future increases in salaries and pensions are also considered.

Provisions are formed in accordance with IAS 37 if, relative to third parties, a present liability exists from a past event that in the future probably results in an outflow of resources, and its amount can be reliably estimated. Other provisions are valued in accordance with IAS 37, possibly also in accordance with IAS 19, using the best possible estimate of the expenses that would be required to discharge the present liability as at the balance sheet date. If outflows of funds for a liability are only anticipated after more than one year, then the provisions are stated with the cash value of the foreseeable outflow of funds. Provisions are not offset with retrospective claims.

Revenue and profit realisation

Revenues from sales of goods are realised if the goods have been delivered and the risk has been transferred to the client. Revenues from production contracts and services are realised in accordance with IAS 11 and IAS 18, based on the percentage of completion of the business on the balance sheet date, employing the percentage of completion method. Earnings are captured if the amount of revenue can be reliably estimated, if it is sufficiently probable that the economic benefit will accrue to the GFT Group, if the percentage of completion can be reliably determined on the balance sheet date, and if the costs incurred for the business, as well as the costs that can be anticipated until it is fully completed, can be reliably determined.

Profit realisation from interest, user fees, rents, income under licence agreements, and equivalent items is limited to the period; dividend earnings are realised with creation of legal title.

Income tax

Actual income tax is determined in accordance with the tax law of the countries in which the respective company is active.

Calculation of deferred income tax in accordance with IAS 12 includes tax deferrals and accruals of assets and liabilities on different valuations of assets and liabilities in the balance of trade (IFRS), on consolidation processes and on realisable taxable loss carry-forwards. Deferred taxes assets for deductible temporary differences, and for taxable loss carry forwards that exceed the taxable temporary differences are only shown to the extent to which it can be assumed with adequate probability that the respective company will earn sufficient taxable income to realise the respective benefit. Deferred tax assets and deferred tax liabilities are shown separately in the balance sheet. Deferred taxes are valued at the tax rates that are valid on the balance sheet date or that will legally come into force in the future. For business activity in Germany, individual company mixed tax rates are applied, taking the corporate income tax and the trade income tax into consideration, which amounts to between 28.0% and 30.8% (previous year between 28.0% and 32.0%).

Management estimates and judgements

In drawing up the Consolidated Financial Statements, assumptions and estimates must be made to a certain extent, that effect the amount and the presentation of reported assets and liabilities, earnings and expenses, as well as possible liabilities for the reporting period. The estimates and judgement essentially are based on assessment of the intrinsic value of intangible assets, determination of economic useful life for fixed assets, the percentage of completion of customer projects in progress, the collectibility of receivables, accounting and valuation of provisions, and the usability of taxable loss carry-forwards that have resulted in the statement of deferred taxes. Estimates and judgements are made on the basis of the most current information available. Due to developments that deviate from, or that are beyond Management's sphere of influence actual amounts can vary from the originally expected estimated values. If actual development deviates from expected development then the premises, and if necessary the book values, of the assets and liabilities concerned are adjusted accordingly. At the time the Consolidated Financial Statements were drawn up there were no significant risks underlying the estimates and judgements, so that from the present perspective there is no reason to assume a significant adjustment to book values of assets and debts shown in the Consolidated Financial Statements in the following financial year.

Explanations of the Consolidated Income Statement

7. Intangible assets, goodwill

The development of intangible assets, including goodwill, of the GFT Group is presented on the following pages.

Since 1 January 2005 goodwill is no longer subject to scheduled amortisation, but is tested once a year for impairment in accordance with IAS 36. The impairment test of goodwill was performed on the basis of the future anticipated cash flow as derived from planning. Planning is based on the approved budget for the upcoming 2009 financial year, which has been carried forward with defined growth rates for the subsequent two years. Third year values have then been considered as constant for the extended future. Cash flow has been discounted with a uniform discount rate of 9% (prev. year: 10%) before taxes. The recoverable amount of the cash-generating units has thus been determined as value in use.

For the cash flow forecasts for the cash generating unit "*Services – Finance & Insurance*", the management assumes that the existing client business will continue on a sustainable high level. There is no significant growth with new clients predicted for the challenging year 2009, in the subsequent years the business with new clients will grow again. For the payment generating segment *Resourcing* the management assumes a positive developing with the existing clients as well as in 2009 a moderate and in the future a dynamic growth with new clients. Our assumptions are based on experience, as well as on the signals received from the markets.

The book value of overall goodwill is assigned to the cash-generating units as follows:

	31/12/2008 €(k)	31/12/2007 €(k)
Cash-generating units		
<i>Services – Finance & Insurance</i>	14,336	14,336
<i>Services – Postal, Logistics & Others</i>	–	–
<i>Resourcing</i>	6,029	6,029
<i>Software</i>	–	–
	20,365	20,365

Due to the results of the impairment test in financial year 2008 (as in the previous year) non-scheduled amortisation of goodwill was not undertaken.

There were no changes (as in the previous year) to the reported goodwill during the financial year.

Intangible assets reported under licences, industrial property rights and similar rights relate to software acquired for consideration (€(k) 477; prev. year €(k) 498).

With the purchase agreement dated 31 July 2008, a disposal group of the *Software* segment was sold to Inspire Technologies GmbH, St. Georgen by transferring the individual assets as well as contractual and legal relations. The disposal group consisted primarily of the development costs capitalized with a carrying amount of €(k) 376 as at 31 December 2007 from internally generated software developed in-house ("Inspire Software"). As at 31 July 2008, this software had a carrying amount of €(k) 288. Within the context of this sale, property, plant and equipment (hardware) and liabilities (personnel obligations for 5 skipped employees) were transferred. The purchase price came in total to € 1. In addition, Inspire Technologies GmbH is obligated to hand over and pay 10% of net licence revenue collected to GFT that it effects with the software Inspire or a further development in the next five years (starting from 1 July 2008). The sales loss in financial year 2008 came in total to €(k) 350; it is included in the other operating expenses. From this transaction, the deferred provisions for taxation were reduced by €(k) 92, resulting in an outflow loss of €(k) 258 taking into consideration deferred tax assets.

Intangible assets with indeterminate useful life do not exist in the GFT Group.

8. Tangible assets

The development of tangible assets of the GFT Group is presented on the following pages.

Consolidated Fixed Assets 2008

GFT Technologies Aktiengesellschaft, Stuttgart

	Acquisition or production costs				As at 31/12/2008 €
	As at 01/01/2008 €	Additions €	Disposals €	Disposal from the change of the basis of consolidation €	
Intangible assets					
Other intangible assets	5,761,710.85	420,175.06	305.00	83,962.59	6,097,618.32
Development costs for self developed software	451,062.53	0.00	451,062.53	0.00	0.00
Licences, industrial property rights and similar rights	6,212,773.38	420,175.06	451,367.53	83,962.59	6,097,618.32
Goodwill	20,365,010.57	0.00	0.00	0.00	20,365,010.57
	26,577,783.95	420,175.06	451,367.53	83,962.59	26,462,628.89
Tangible assets					
Other equipment, office and factory equipment	13,985,939.66	976,426.81	556,558.78	282,940.86	14,122,866.83
Construction on foreign property	0.00	250,439.05	0.00	0.00	250,439.05
	13,985,939.66	1,226,865.86	556,558.78	282,940.86	14,373,305.88
Financial assets					
Investments in associates	0.00	82,922.38	42,825.82	0.00	40,096.56
Investments	1,209,503.00	0.00	0.00	0.00	1,209,503.00
	1,209,503.00	82,922.38	42,825.82	0.00	1,249,599.56
	41,773,226.61	1,729,963.30	1,050,752.13	366,903.45	42,085,534.33

Depreciation					Book Values		
	As at 01/01/2008 €	Depreciation of the financial year €	Disposals €	Disposal from the change of the basis of consolidation €	As at 31/12/2008 €	As at 31/12/2008 €	As at 31/12/2007 €
	5,263,939.72	433,343.96	255.00	76,255.84	5,620,772.84	476,845.48	497,771.13
	75,177.53	87,706.60	162,884.13	0.00	0.00	0.00	375,885.00
	5,339,117.25	521,050.56	163,139.13	76,255.84	5,620,772.84	476,845.48	873,656.13
	0.00	0.00	0.00	0.00	0.00	20,365,010.57	20,365,010.57
	5,339,117.25	521,050.56	163,139.13	76,255.84	5,620,772.84	20,841,856.05	21,238,666.70
	11,369,987.10	1,066,963.14	518,576.77	227,198.93	11,691,174.54	2,431,692.29	2,615,952.56
	0.00	55,977.11	0.00	0.00	55,977.11	194,461.94	0.00
	11,369,987.10	1,122,940.25	518,576.77	227,198.93	11,747,151.65	2,626,154.23	2,615,952.56
	0.00	0.00	0.00	0.00	0.00	40,096.56	0.00
	1,209,503.00	0.00	0.00	0.00	1,209,503.00	0.00	0.00
	1,209,503.00	0.00	0.00	0.00	1,209,503.00	40,096.56	0.00
	17,918,607.35	1,643,990.81	681,715.90	303,454.77	18,577,427.49	23,508,106.84	23,854,619.26

Non-scheduled depreciation on property, plant and equipment due to impairment was not necessary in the fiscal year 2008, like in the prior year.

As at 29 February 2008 non-current assets (property, plant and equipment and intangible assets) in India were sold. These non-current assets had a carrying value of €(k) 63 as at 31 December 2008, belonged to Segment Services and were disposed of in connection with the deconsolidation of GFT Technologies (India) Private Limited, Trichy, India, as at 29 February 2008.

Consolidated Fixed Assets 2007

GFT Technologies Aktiengesellschaft, Stuttgart

	As at 01/01/2007 €	Acquisition or production costs		As at 31/12/2007 €
		Additions Transfers T €	Disposals Transfers T €	
Intangible assets				
Other intangible assets	5,336,692.95	356,986.34	14,339.57	5,761,710.85
		82,371.13 T		
Development costs for self developed software	326,781.02	124,281.51	0.00	451,062.53
Licences, industrial property rights and similar rights	5,663,473.97	481,267.85 82,371.13 T	14,339.57	6,212,773.38
Goodwill	20,365,010.57	0.00	0.00	20,365,010.57
	26,028,484.54	481,267.85 82,371.13 T	14,339.57	26,577,783.95
Tangible assets				
Other equipment, office and factory equipment	13,359,444.87	1,276,426.31	567,560.39 82,371.13 T	13,985,939.66
Financial assets				
Investments	1,209,503.00	0.00	0.00	1,209,503.00
	40,597,432.41	1,757,694.16 82,371.13 T	581,899.96 82,371.13 T	41,773,226.61

	Depreciation			Book Values		
	As at 01/01/2007 €	Depreciation of the financial year Transfers T €	Disposals Transfers T €	As at 31/12/2007 €	As at 31/12/2007 €	As at 31/12/2006 €
	4,920,722.05	292,372.31 65,184.93 T	14,339.57	5,263,939.72	497,771.13	415,970.90
	0.00	75,177.53	0.00	75,177.53	375,885.00	326,781.02
	4,920,722.05	367,549.84 65,184.93 T	14,339.57	5,339,117.25	873,656.13	742,751.92
	0.00	0.00	0.00	0.00	20,365,010.57	20,365,010.57
	4,920,722.05	367,549.84 65,184.93 T	14,339.57	5,339,117.25	21,238,666.70	21,107,762.49
	10,911,458.95	1,048,251.47	524,538.39 65,184.93 T	11,369,987.10	2,615,952.56	2,447,985.92
	1,209,503.00	0.00	0.00	1,209,503.00	0.00	0.00
	17,041,684.00	1,415,801.31 65,184.93 T	538,877.96 65,184.93 T	17,918,607.35	23,854,619.26	23,555,748.41

9. Financial assets

Investments

The investments shown as financial assets are the investments in Thinkmap, Inc., New York, USA (5.9%; prev. year: 5.9%), as well as in incowia GmbH (formerly GFT Systems GmbH), Ilmenau (10.0%; prev. year: 10.0%). The investment in Thinkmap, Inc. was already written down to zero in 2002 and the investment in incowia GmbH written down to zero in 2004. The revenues from investments result from a payout of incowia GmbH, Ilmenau, in the amount of €(k) 20 (prev. year: €(k) –).

Shares in associated companies

The shares in associated companies, as well as the expenditures from shares in associated companies recognised on 31 December 2008, concern the shares in eQuadriga Software Private Limited, Trichy, India, formerly GFT Technologies (India) Private Limited, in the amount of 30.0% (prev. year: 100.0%). On 29 February 2008, 70.0% of the shares in GFT Technologies (India) Private Limited, Trichy, India, were sold. Due to this significant influence of GFT AG on the company since 1 March 2008, the former subsidiary has been an associated company since 1 March 2008. We refer to point 3 of these Notes to the Group Financial Statements for the disposal of this company from the consolidated Group.

The balance sheet recognition of shares in eQuadriga Software Private Limited as at 31 December 2008 occurs according to the equity method. As on the one hand the associated company eQuadriga Software Private Limited builds its balance sheet based on principles similar to those of the GFT Group, meaning that uniform accounting policies exist in principle, and on the other no information in this regard was available, no possibly necessary modifications to the Annual Financial Statements of eQuadriga Software Private Limited based on equity recognition were undertaken to the accounting policies of the GFT Group. Equally, due to the unavailability of information, as well as due to its insignificance, no elimination of the interim result in reference to upstream transactions was undertaken from associated companies to the GFT Group.

The following overview portrays the summarised financial information about the associated companies; the basis for the equity measurement in the Group were:

	2008 €(k)
Disclosures to the balance sheet (31 December)	
Assets	120
Equity	98
Liabilities	22
Disclosures to the income statement	
Revenue	307
Profit/loss for the year	-201

10. Investment holdings

As at 31 December 2008 GFT AG holds direct and indirect shares of at least 20% in the following companies:

Name	Location	Share of the capital	Equity 31/12/2008		Results for the business year	
Direct investment						
GFT Technologies (Schweiz) AG	Wallisellen, Switzerland	99%	CHF	528,004.85	CHF	376,498.29
GFT <i>inboxx</i> GmbH	Hamburg, Germany	100%	EUR	257,394.84	EUR	120,225.77
GFT Technologies GmbH	Vienna, Austria	100%	EUR	-127,914.01	EUR	-9,696.01
GFT UK Limited	London, UK	100%	EUR	1,888,860.30	EUR	1,019,002.15
GFT Iberia Solutions. S.A.	Sant Cugat del Vallés, Spain	100%	EUR	6,282,508.73	EUR	3,069,806.78
GFT Resource Management GmbH	Eschborn, Germany	100%	EUR	1,778,996.03	EUR	0.00 *
GFT Technologies SARL	Neuilly Sur Seine, France	100%	EUR	1,695,731.07	EUR	483,190.08
GFT Business Development GmbH	Eschborn, Germany	100%	EUR	16,137.77	EUR	-1,002.02
GFT Holding France SARL	Neuilly Sur Seine, France	100%	EUR	1,240.00	EUR	0.00
eQuadriga Software Private Limited (formerly GFT Technologies (India) Private Limited)	Trichy, India	30%	INR	6,823,078.00	INR	-12,825,285.00
Indirect Investment						
Emagine Servicios de Consultoría e Informática, S.A.	Sant Cugat del Vallés, Spain	100%	EUR	1,842,879.70	EUR	415,190.81
GFT Brasil Consultoria Informática Ltda,	São Paulo, Brazil	100%	BRL	564,205.33	BRL	611,912.07
GFT USA INC.	New York, USA	100%	USD	-191,292.32	USD	-291,292.32
emagine gmbh	Eschborn, Germany	100%	EUR	37,563.23	EUR	2,752.93
GFT Flexwork GmbH	Berlin, Germany	100%	EUR	375,000.00	EUR	0.00 **

* There is an agreement for the shifting of profits between the GFT Resource Management GmbH (profit shifting company) and the GFT Technologies AG.

** There is an agreement for the shifting of profits between the GFT Flexwork GmbH (profit shifting company) and the GFT Resource Management GmbH.

GFT Resource Management GmbH, Eschborn and GFT Flexwork GmbH, Berlin utilised exemptions from section 264 (3) of the German Commercial Code (HGB) in the fiscal year 2008.

11. Inventories and trade receivables

As in the previous year, the inventories shown involve goods (hardware and software) that are scheduled for sale as within the framework of projects.

The trade receivables result from on-going business and are all due in the short-term, as in the previous year. Required individual value adjustments based on the probable risk of default are taken into account with €(k) 910 (prev. year €(k) 862). Trade receivables, in accordance with IAS 11, include realised revenue from unfinished projects as at the balance sheet date in the amount of €(k) 8,769 (prev. year €(k) 9,319) minus prepayments received in the amount of €(k) 6,398 (prev. year €(k) 5,022).

The cumulative value adjustments on trade receivables developed as follows:

	2008 €(k)	2007 €(k)
As at 1 January	862	693
Transfers	110	206
Drawings	-47	-25
Write-backs	-72	-12
Exchange rate effects and other changes	57	0
As at 31 December	910	862

12. Other assets

Other assets can be broken down as follows:

	31/12/2008 €(k)	31/12/2007 €(k)
Non-current assets		
Deposits	376	344
Other current assets		
Claims for VAT and other tax refunds	787	1,470
Accruals	434	397
Claim from retained guarantees	–	733
Deferred interest	142	137
Deposits	68	132
Creditors with debit balance	35	30
Receivables from employees	77	162
Receivables from social security fund	12	–
Claims for reimbursements of rental overpayments	8	98
Other	113	76
	1,676	3,235
Total other assets	2,052	3,579

13. Securities as well as cash and cash equivalents

As at 31 December 2008, GFT Group securities are used for contingency capital insurance and interest rate optimisation and consist of fixed and variable interest rate debt instruments:

They are broken down as follows:

	31/12/2008 €(k)	31/12/2007 €(k)
Category in accordance with IAS 39		
Financial assets at fair value through profit and loss	732	1,048
Financial assets available for sale	1,446	1,954
	2,178	3,002

The rating of the securities "measured at fair value through profit or loss" led to expenses in the income statement of €(k) 319 (prior year: €(k) 135) in the fiscal year 2008. In financial year 2008 no securities from the category "measured at fair value through profit or loss" were bought or sold. In the previous year, a profit of €(k) 3 and a loss of €(k) 288 was realised from the sale of securities in the category "measured at fair value through profit or loss".

The amendment of the fair value of the securities "available for sale" led, as at 31 December 2008, to a higher negative "reserve for the market assessment for securities" in equity of in total €(k) 509 (prev. year: €(k) 234). The "reserve for the market assessment for securities" amounted to €(k) -705 minus deferred taxes assets of €(k) -3 (prev. year: €(k) -196 minus deferred tax assets of €(k) -) as at 31 December 2008. A purchase or sale of securities "available for sale" did not take place in financial year 2008, as it also did not in the previous year.

As in the previous year, the inventory of securities as at 31 December 2008 consists solely of debt issues with good credit standing. At least on every balance sheet date GFT determines whether objective indications are present that an impairment of securities is present. As at 31 December 2008 the decline in the fair values of the present debt issues was due to changed market interest rates and not to changes in the credit standing of the issuers or other factors decisive for impairment. When deciding whether the impairment of an asset is to be classified as permanent, GFT also takes into consideration the ability and intention to keep the asset up to the recovery of its fair value, the likelihood that the fair value will again reach the acquisition value of the asset as well as the course of interest payments.

Cash and cash equivalents include cash (€(k) 6; prev. year €(k) 6) and short-term liquid credit at banks (€(k) 33,009; prev. year €(k) 25,693).

14. Shareholders' Equity

Please refer to the separately presented statement of changes in equity for the equity development during the financial years 2008 and 2007.

As at 31 December 2008 share capital in the amount of € 26,325,946.00 consisted of 26,325.946 no-par bearer shares (unchanged from 31 December 2007) which all grant equal rights.

The capital reserve includes the amount that was obtained in the issue of shares over the calculated value. The accumulated profit reserves are amounts that were formed from results in previous financial years.

The changes in equity not affecting results include income and expenses from currency translation (IAS 21) and from the valuation of securities that are classified as financial assets available for sale (IAS 39).

The capital management of the Group concerns Group equity, whose structure and possible uses are largely determined by the capital structure of GFT AG. As at 31 December 2008, € 4,500,000.00 was moved to retained earnings pursuant to Section 58 (2) German Companies Act (AktG). As at 31 December 2007, € 25.2m was removed from capital reserve, and the statutory reserve of €(k) 1 was utilised in full in favour of retained earnings. GFT is not subject to any external minimum capital requirements. A dividend in the amount of € 0.10 per share is proposed to be paid to shareholders from the retained earnings as at 31 December 2008.

Authorised capital

In accordance with the resolution passed by the Annual General Meeting of 23 May 2006, the Executive Board is authorised to increase the share capital on or before 22 May 2011, with the consent of the Supervisory Board, through the issuance of new bearer shares against contributions in cash or in kind up to a total of € 10,000,000.00 on one or more occasions (Authorised Capital). The Executive Board is authorised to exclude shareholders' subscription rights with the consent of the Supervisory Board in the following cases:

- To waive subscription rights for fractional amounts;
- For capital increases against contributions in kind in order to grant shares for the purpose of acquiring companies or holdings in companies;
- In the event of a capital increase against cash contributions, provided that the issue price of the new shares is not significantly lower than the stock exchange price and provided that the proportionate amount of share capital attributable to the new shares for which subscription rights are excluded, does not exceed ten percent of share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised;
- In the event of a capital increase for the issue of employee shares, provided that the proportionate amount of share capital attributable to the new shares, for which subscription rights are excluded, does not exceed ten percent of share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised.

The Executive Board is authorised to establish additional details for the execution of a capital increase from authorised capital with the consent of the Supervisory Board.

Therewith, un-utilised, authorised capital in the amount of € 10,000,000.00 (prev. year: € 10,000,000.00) exists as at 31 December 2008.

Conditional capital

Conditional capital amounted to € 8,280,000.00 as at 31 December 2008 (prev. year: € 8,280,000.00).

Share capital is conditionally increased up to a nominal € 780,000.00, divided in up to 780,000 individual bearer share certificates made out to the owners (Conditional capital I/1999). This conditional capital increase serves the granting of subscription rights to members of the Executive Board and company employees, as well as to members of the executive management and employees of affiliated companies, in accordance with the resolution of the Annual General Meeting of 4 June 1999. The conditional capital increase will only be executed to the extent that holders of subscription rights utilise these rights. New shares participate in profits from the beginning of the financial year in which the exercise of subscription rights has taken place. The Executive Board is authorised to establish details on the execution of the conditional capital increase, as well as to define subscription rights with the consent of the Supervisory Board, provided this is in accordance with the resolution of the Annual General Meeting on 4 June 1999.

By resolution of the Annual General Meeting of 22 May 2007 the authority of the Annual General Meeting of 29 May 2002 to issue convertible and/or option bonds and the existing conditional capital pursuant to section 4 (6) lit. b of the articles of association (conditional capital II/2002) was rescinded. New Conditional capital II/2007 was created as follows: Pursuant to the resolution of the Annual General Meeting of 22 May 2007 the share capital is to be conditionally increased by € 7.5m. by issuing up to 7,500,000 new individual bearer shares (Conditional capital II/2007). The conditional capital increase will only be carried out to the extent that

- the owners or creditors of conversions rights or bonds that are appended to the convertible or option bonds to be issued by the company or by its majority holding companies by 21 May 2012 under the Annual General Meeting resolution of 22 May 2007 exercise their conversion or option rights or
- the holders or creditors of convertible bonds to be issued by the company or by its majority holding companies by 21 May 2012 under the Annual General Meeting resolution of 22 May 2007 with an obligation to exercise their right of conversion actually discharge said obligation.

The new shares take part in the profit from the start of the financial year onward by being created through the exercising of conversion or option rights or through the fulfilment of conversion obligations. The Executive Board is empowered to establish further details of share rights and the further details of the execution of the contingent capital increase.

By resolution of the Annual General Meeting on 22 May 2007, the Executive Board was authorised, given Supervisory Board approval, to issue on a one-off basis or on multiple occasions up until 21 May 2012 bearer or registered convertible and/or option bonds ("bonds") with a total nominal value of up to € 100m. with a maximum term of 15 years and to grant the owners or creditors of bonds, option or conversion rights in the company with a pro rata share in the share capital of up to € 7.5m. in close accordance with the terms and conditions governing convertible or option bonds. The bonds may also be issued by direct or indirect majority holding companies of the company. In this case the Executive Board is authorised, given Supervisory Board approval, to accept a guarantee for the issuing majority holding company for the repayment of the bond and to grant holders of such option or conversion bonds in GFT Technologies AG in order to satisfy the rights conceded with these bonds. In certain cases, the Executive Board shall be authorised, given Supervisory Board approval, to exclude the subscription right of the shareholders to the bonds with option or conversion rights in GFT Technologies AG.

Minority interests

There have been no more other associates since August 2004.

15. Provisions for pensions

Employee benefits are provided through contribution-oriented and performance-oriented plans.

For contribution-oriented plans contributions are paid by the company based on legal or contractual regulations, or on a voluntary basis, to state or private pension insurance institutes. The contributions paid in the financial year 2008 for contribution-oriented plans to public and private Pensions Regulatory Authority of €(k) 5,689 (prev. year €(k) 5,685) are included in personnel expenses.

The performance-oriented plans concern obligations in Germany and in Switzerland.

Performance-oriented plans in Germany exist due to direct individual commitments to retirement benefits, invalidity benefits, and provisions for dependents for an active manager and a manager who has left the company, as well as for a former Managing Director of a subsidiary (pension recipient).

The performance-oriented plans in Switzerland concern provisioning according to Swiss Federal legislation on occupational old age, survivor's and disability benefit plans (BVG). These plans represent so-called "BVG full insurance solutions", which in previous years were treated as contribution-oriented. Due to new findings of a work group of the Swiss Fiduciary Chamber, these plans represent performance-oriented plans in the meaning of IAS 19 due to the statutory minimum interest and conversion rate guarantees. For this reason, provisions were formed in the balance sheet for these plans for the first time on 31 December 2008. Understood under "fully insured" BVG plans are those plans for which all actuarial risks, including capital market risks, are borne by an insurance company, at least temporarily. The BVG provisioning of the Swiss subsidiary of GFT AG comprises 31 active insured parties and one pension recipient as at 31 December 2008.

The following parameters were taken into consideration for determining the actuarial value of the provisions for pensions.

	31/12/2008	31/12/2007
Discount rate (Germany)	6.25%	5.5%
Discount rate (Switzerland)	3.5%	–
Expected increase in pensions	0.0% – 2.0%	1.0%
Expected salary increase	0.0% – 2.5%	0.0% – 2.5%
Expected return on plan assets	3.5%	–

Assumptions relative to average fluctuation for the German plans were not necessary due to the small number of people involved. The "2005 G Guideline Tables" by Prof. Klaus Heubeck (Cologne 2005) were used as a basis for the computation.

The likelihood of withdrawals and the actuarial assumptions for the Swiss plans are geared to the Swiss Federal legislation on occupational old age, survivor's and disability benefit plans (BVG 2005).

The present values of the performance-oriented obligations, the fair values of the plan assets and the respective excessive and/or insufficient cover of the current reporting year (2008) and the four preceding years can be taken from the following table:

	31/12/2008 €(k)	31/12/2007 €(k)	31/12/2006 €(k)	31/12/2005 €(k)	31/12/2004 €(k)
Present value of obligations for rights accrued	2,692	761	865	917	918
Plan assets at fair value	-1,798	–	–	–	–
Net obligation	894	761	865	917	918

Of the present value for rights accrued, €(k) 1,927 (prev. year €(k) –) fall to pension plans that are financed completely or partially through plan assets, and €(k) 765 (prev. year €(k) 761) to pension plans that are not financed by plan assets.

The experience adjustments to the liabilities of the plans came to €(k) 24 (prev. year: €(k) –) in the financial year 2008; the experience adjustments to the plan assets came to €(k) 24 (prev. year: €(k) –).

	2008 €(k)	2007 €(k)
Change in present value of defined benefits		
Present value of defined benefits 01/01	761	865
Addition of performance-oriented (defined benefit) plans Switzerland	1,766	–
Service cost for the period	247	15
Interest expense	102	38
Actuarial gains (-)/losses (+)	5	-119
Pension payments	-189	-38
Defined benefits present value 31/12	2,692	761
Fair value of plan assets 31/12 to be enclosed	-1,798	–
Net amount recognised	894	761
Adjustment due to non-realised actuarial gains (-)/losses (+)	69	92
Pension provisions	963	853

Actuarial gains and losses (i.e. effects of deviations between previous actuarial assumptions and actual development, and of changes in actuarial assumptions) are distributed applying the so-called corridor approach as expense or income on the expected average service lifetime of the employees participating in the plan, if they exceed 10% of the cash value of the performance oriented liability.

The reconciliation accounts of the opening and closing balances of the fair value of the plan assets is depicted in the following table:

	2008 €(k)
Change in the fair value of the plan assets	
Fair value 01/01	–
Addition of plan assets Switzerland	1,675
Expected return on plan assets	59
Actuarial gains / losses	-16
Contributions by employer	116
Contributions by employees	116
Benefits paid	-152
Fair value 31/12	1,798

Employer contributions to the plan assets in the amount of €(k) 174 and employee contributions in the amount of €(k) 174 are expected for the following year (2009).

The actual return from the plan assets was comprised as follows:

	2008 €(k)
Expected return on plan assets	88
Actuarial gain/loss from plan assets	-24
Actual return on plan assets	64

Plan assets solely concern the BVG provisioning in Switzerland. Used as the basis for the calculation of the obligation and the generally expected return of the plan assets were the valid insurance regulations, databases and cash flow disclosures for the year 2008 of the Baloise-Collective Foundation for Compulsory Occupational Welfare Provisions, Basel.

Pension expenses are broken down as follows for the fiscal year:

	2008 €(k)	2007 €(k)
Service cost for the period	247	15
Interest expense	103	38
Expected revenue from plan assets	-59	–
Amortisation on actuarial gains (-) / losses (+)	-2	–
Pension expenses	289	53

The pension expenses are included in personnel expenses.

16. Income tax

The item income tax shown in the income statement includes:

	2008 €(k)	2007 €(k)
Current tax expense	1,840	3,361
Deferred tax income	-936	407
Tax expense	904	3,768

Actual tax expense reported of €(k) 1,840 (prev. year €(k) 3,361) is reduced by tax proceeds arising from activation of a claim for payment of a corporate tax credit in accordance with section 37 of the German Corporate Tax Act for consolidated companies in the amount of €(k) 94 (prev. year €(k) 53). Due to the use of previously non-deferred taxable loss carry-forwards (€(k) 3,711; prev. year €(k) 1,002) actual tax expense was reduced by €(k) 1,055 (prev. year €(k) 367). The actual tax expense includes out of period actual tax proceeds of €(k) 14 (prev. year €(k) 5).

The deferred income taxes were due to the following causes:

	2008 €(k)	2007 €(k)
From temporary differences	-725	407
From taxable loss carry-forwards	-211	–
Deferred tax income	-936	407

The deferred tax earnings include a deferred tax expense due to devaluations of deferred tax assets of €(k) 0, whereas in the previous year deferred tax expense from depreciations of deferred tax assets of €(k) 155 occurred. From assets credited directly from the equity, differed taxes of €(k) 3 (prev. year €(k) -14) resulted which couldn't be booked affecting net income.

Due to the changes of tax rates, the deferred tax expense rose by €(k) – (prev. year: €(k) 1,329). The deferred tax expense is reduced by the subsequent use of deferred tax assets on tax loss carry-forward by €(k) 211; prev. year: €(k) 1,266) and temporary differences (€(k) –; prev. year €(k) 28).

The trade tax liabilities shown in the balance sheet are broken down as follows:

	31/12/2008 €(k)	31/12/2007 €(k)
Claims to deferred tax assets	6,704	5,943
Ongoing claim to income tax (Assets from corporate tax according to § 37 KStG)	738	751
Short term assets from profits tax	1,172	1,146
	8,614	7,840

	31/12/2008 €(k)	31/12/2007 €(k)
Deferred tax liabilities	392	564
Current tax liabilities	1,384	1,051
	1,776	1,615

The tax deferrals and accruals are allocated to individual balance sheet items as follows:

	31/12/2008 €(k)	31/12/2007 €(k)
Taxable loss carry-forwards	5,211	5,000
Intangible assets and equipment	225	126
Other provisions	156	397
Anniversary and other provisions for employees	1,074	364
Provisions for pensions	29	28
Provisions for possible losses (prim. rental agreements)	–	13
Other assets	9	13
Liabilities	–	2
Claims to deferred tax assets	6,704	5,943

	31/12/2008 €(k)	31/12/2007 €(k)
Receivables	381	556
Holdings	3	–
Securities	8	8
Deferred tax liabilities	392	564

For cumulated taxable loss carry-forwards at Group companies of € 11.4m (prev. year € 15.6m.) and for deductible temporary differences of € 0.2m (prev. year € 0.2m) no deferred tax assets were formed, as we cannot currently consider a future offset. Loss carry-forwards in the amount of € 2.0m (prev. year € 0.0m) are to be used within the next four years; the remaining loss carry-forwards in the amount of € 9.4m (prev. year € 15.6m) are not forfeitable.

The deferred tax asset for the carry forward of unused tax losses as at 31 December 2008 exclusively affects GFT Technologies AG (€(k) 5,000; (prev. year €(k) 5,000) and the GFT Technologies SARL (€(k) 211; prev. year €(k) –). After GFT AG was able to use tax loss carry-forwards of € 2.7m. for the fourth consecutive year in the financial year 2007 (prior year € 0.8m.) the Executive Board assumes, based on profitability planning, that in the future sufficient taxable results will be available for GFT AG against which the unused tax losses can be applied. The deferred tax assets for the carry-forward of not yet used tax losses of GFT Technologies SARL were formed on the tax losses of the business unit transferred in financial year 2008 in the course of the inclusion of the French business unit of GFT AG. Due to the fact that GFT Technologies SARL has been reporting profits for years and profits are also expected for the future, the Executive Board assumes that a sufficient taxable profit will be available in the future at GFT Technologies SARL, against which the unused tax losses can be used.

The adjustment between the effective tax rate of the GFT Group and the German tax rate of GFT AG of 28.0% (prev. year 37.5%) is presented as follows:

	2008 €(k)	2007 €(k)
Earnings before taxes	6,925	12,362
Expected tax expenses at 28.0% (prev. year 37.5%)	1,939	4,636
Addition (prev. year capitalisation) of assets for payment of corporate tax according to section 37 KStG	-94	-53
Passivation of the liability from subsequent taxation of EK 02 balance	0	7
Other non tax-deductible expenses and tax-free income	119	88
Current financial year losses which cannot be offset by tax assets	89	505
Appreciation/retrospective application of deferred tax assets	-1,263	-2,051
Tax rate differences and changes of tax rates	66	634
Aperiodic effects	73	-5
Other tax effects	-25	7
Effective tax expense	904	3,768
Effective tax rate	13.1%	30.5%

17. Other Provisions

The other provisions show the following trend in the financial year 2008:

	As at 01/01/2008 €(k)	Consumption liquidation (L) €(k)	Transfer €(k)	Disposal from a change in the consoli- dated group €(k)	As at 31/12/2008 €(k)
Employee commissions/bonuses/anniversaries/severance payments Indemnifications	8,565	6,870 461 (L)	5,584	–	6,818
Holiday obligations	1,438	1,385 5 (L)	1,358	–	1,406
Contributions to industry associations	74	54 20 (L)	83	–	83
Provisions for personnel costs	10,077	8,309 486 (L)	7,025	–	8,307
Outstanding purchase invoices	3,086	2,669 418 (L)	2,830	–	2,829
Possible losses from projects	357	257	386	–	486
Credits still to be awarded	–	–	360	–	360
Warranty	102	27 30 (L)	92	–	137
Possible losses from rental agreements	75	46	83	–	112
Other	1,422	899 363 (L)	885	13	1,032
	15,119	12,207 1,297 (L)	11,661	13	13,263

Due to maturity i.e. the expected settlement date of resulting outflows of economic benefit, other provisions are shown in the balance sheet as follows:

	31/12/2008 €(k)	31/12/2007 €(k)
Other long-term provisions		
Provisions for employees/jubilees/compensation/exemption salaries	933	1,375
Impending loss from rental agreements	–	32
Others	36	16
	969	1,423
Other short-term provisions	12,294	13,696
Total other provisions	13,263	15,119

As at 31 December 2008, no discounted, long-term other provisions existed. In the previous year discounted, long-term other provisions increased by €(k) 7 due to the elapsed time.

18. Liabilities

The remaining terms and collateralisation of the liabilities are shown in the following overview:

	Remaining term		Total amount	Thereof secured through liens and similar rights	Nature and form of the collateral
	up to 1 year €	more than 5 years €	31/12/2008 €	€	
Financial liabilities	150,000.00 (prev. y. €(k) 150)	0.00 (prev. y. €(k) –)	150,000.00 (prev. y. €(k) 150)		
Trade liabilities	26,100,329.27 (prev. y. €(k) 28,916)	0.00 (prev. y. €(k) –)	26,100,329.27 (prev. y. €(k) 28,916)		Usual reservation of property rights
Deferred tax liabilities	0.00 (prev. y. €(k) –)	0.00 (prev. y. €(k) –)	392,204.10 (prev. y. €(k) 564)		
Current income tax liabilities	1,384,108.10 (prev. y. €(k) 1,051)	0.00 (prev. y. €(k) –)	1,384,108.10 (prev. y. €(k) 1,051)		
Other liabilities	8,022,807.83 (prev. y. €(k) 7,546)	0.00 (prev. y. €(k) –)	8,070,694.95 (prev. y. €(k) 7,549)		
- thereof from taxes (not income tax)	2,160,947.17 (prev. y. €(k) 2,181)				
- thereof within the scope of social security	871,642.86 (prev. y. €(k) 946)				
	35,657,245.20 (prev. y. €(k) 37,663)	0.00 (prev. y. €(k) –)	36,097,336.42 (prev. y. €(k) 38,230)		

There are trade liabilities of €(k) 74 (prev. year €(k) 141) to companies with whom an equity interest exists as well as trade liabilities to affiliated companies of €(k) 21 (prev. year €(k) –).

19. Financial liabilities

As in the previous year, financial liabilities reported are a loan from a fund for the promotion of research in the amount of €(k) 150 (prev. year: €(k) 150).

20. Other liabilities

Other liabilities are broken out as follows:

	31/12/2008 €(k)	31/12/2007 €(k)
Other long-term liabilities		
Advance payments on orders	48	–
Defined received allowances	–	2
	48	2
Other current liabilities		
Advance payments on orders	3,096	2,916
Wage tax, VAT, and other tax liabilities	2,161	2,181
Liabilities from social security contributions	872	946
Deferred credits to income	786	987
Debitors with credit balances	627	46
Liabilities to employees	243	220
Handicapped levy	25	27
Deferred grants received	2	7
Other	211	217
	8,023	7,547
Total other liabilities	8,071	7,549

21. Segment report

In these statements the business segments *Services*, *Software* and *Resourcing* are defined as primary segment report format. All activities in conjunction with IT solutions (services and projects) are summarised in the *Services* segment. The *Software* segment involves in-house software product development, its sale, as well as the associated services. *Resourcing* includes the provision of freelance IT specialists. The segment report is shown in the table below.

	Services		Software		
	31/12/2008 €(k)	31/12/2007 €(k)	31/12/2008 €(k)	31/12/2007 €(k)	
Revenues					
External sales	90,943	100,819	5,620	5,887	
Inter-segment sales	123	432	1,092	28	
Total revenues	91,066	101,251	6,712	5,915	
Result					
Segment result	7,116	10,250	-3,072	-600	
Unallocated income/expenses					
Operating result					
Interest expenses					
Interest income					
Share of net profits of associated companies					
Earnings before tax					
Income tax expense					
Net income					
Other information					
Segment assets	57,836	43,058	3,816	1,820	
Investment in associates reported according to the equity method					
Unallocated corporate assets					
Consolidated total assets					
Segment liabilities	15,398	22,105	3,260	1,639	
Unallocated corporate liabilities					
Consolidated total liabilities					
Capital expenditure	1,274	1,330	54	207	
Depreciation	1,272	1,079	181	180	
Non-cash expenditure other than depreciation	193	–	–	–	

Resourcing		Total		Eliminations		Consolidated	
31/12/2008 €(k)	31/12/2007 €(k)	31/12/2008 €(k)	31/12/2007 €(k)	31/12/2008 €(k)	31/12/2007 €(k)	31/12/2008 €(k)	31/12/2007 €(k)
145,676	140,362	242,239	247,068				
4,317	3,163	5,532	3,623	-5,532	-3,623		
149,993	143,525	247,771	250,691	-5,532	-3,623	242,239	247,068
3,425	3,490	7,469	13,140	-154	0	7,315	13,140
						-1,226	-1,458
						6,089	11,682
						-35	-131
						914	811
						-43	-
						6,925	12,362
						-904	-3,768
						6,021	8,594
40,893	56,098	102,545	100,976			102,544	100,976
						40	-
				10,912	10,956	10,912	10,956
						113,496	111,932
29,288	28,270	47,946	52,014			47,946	52,014
				2,377	2,188	2,377	2,188
						50,323	54,202
252	162	1,580	1,699	67	59	1,647	1,758
123	111	1,576	1,370	68	46	1,644	1,416
-	-	193	-	362	135	555	135

In addition to the segment data on business areas aligned to the corporate structure the following table shows the regional data in accordance with IAS 14 (secondary segment information).

in €m	Revenue from sales to external clients *		Carrying amount of segment asset		Investments equipment and intangible assets	
	2008	2007	2008	2007	2008	2007
Germany	164.3	170.4	81.7	82.0	1.0	0.8
UK	25.0	24.2	7.8	8.3	0.3	0.3
Spain	17.1	15.5	12.8	13.8	0.2	0.5
France	14.7	13.4	7.4	5.6	0.0	0.0
Switzerland	6.5	4.7	2.6	1.5	0.0	0.0
Brazil	3.8	11.9	1.1	0.4	0.1	0.1
Other foreign countries	10.8	7.0	0.1	0.3	0.1	0.1
	242.2	247.1	113.5	111.9	1.7	1.8

* Determined by client location

Segment revenues and segment results include transactions between business segments (primary reporting format) and regions (secondary reporting format) as well. Transactions between segments are undertaken at market prices under terms that would customarily be agreed with third parties. These intragroup transactions are eliminated in the consolidation.

22. Other operating income

These items include:

	2008 €(k)	2007 €(k)
Reversals of provisions	1,297	1,169
Benefits in kind – employee private motor vehicle use	374	319
Income from exchange rate differences	338	112
Revenue from assets value-adjusted in previous years	210	–
Project provisions expended	204	–
Grants from private and public organisations	127	7
Rental income (thereof from other periods 4 €(k); prev. year – €(k))	125	76
Out of period income	109	132
Revenue from the lowering of value adjustments and intakes on receivables written off	72	15
Insurance recoveries	36	4
Income from derecognition of liabilities	33	100
Income from the disposal of fixed assets	5	4
Cost transfers corresponding with the acquisition of GFT Resource Management GmbH, Eschborn	–	11
Income from disposals and write-ups of securities	–	3
Other	62	69
	2,992	2,021

The grants of private and public institutions in 2008 are grants from local promotional organisations in Spain (previous year from local development funds in Austria and Spain). If they were granted as a percentage of incurred expenses then they are shown in the periods of the corresponding expense as income (€ (k) 120; prev. y. €(k) –). If grants were received for activated investments then they are taken over the useful life of the investment in a manner that affects earnings (€ (k) 7; prev. y. €(k) 7).

The other operating income includes income that is ascribed to another financial year in the amount of €(k) 1,658 (prev. year €(k) 1,420). They involve liquidation of provisions (€(k) 1,297; prev. year: €(k) 1,169), income from values corrected in previous years (€(k) 210; prev. year €(k) –), reduction of value adjustments and incoming payments on written-off receivables (€(k) 33; prev. year €(k) 100), other out of period income (€(k) 113; prev. year €(k) 132), depreciation of adjustments and receipts from written-off receivables (€(k) –; prev. year €(k) 15) and profits from sales of non-current assets (€(k) 5; prev. year €(k) 4).

23. Material expenses, personnel expenses

In addition to expenses for software and hardware resold as part of projects (€(k) 161; prev. year €(k) 197) in the material expenses the vast majority of expenses for services rendered from outside personnel (consultants, software developers) and subcontractors are also included (€(k) 148,824; prev. year €(k) 150,019), this also includes expenses for freelance agency revenue.

Personnel expenses include expenses for GFT Group's own personnel. For the expenses for retirement pensions we refer to point 15.

24. Depreciation

The depreciation on long-term intangible assets and fixed assets in the financial year 2008 include no depreciation on goodwill due to depreciations.

The asset amortisations on securities affects losses from changes of the time value of securities to be included. (€(k) 319; previous year €(k) 135), see point 13.

25. Other operating expenses

Other operating expenses are broken out as follows:

	2008 €(k)	2007 €(k)
Operating expenses	6,168	6,049
Distribution expenses	7,374	7,093
Administrative expenses	5,837	6,561
Exchange rate losses	480	106
Expenses from the sale of the division "inspire" (of which €(k) 288 is from non-current intangible assets)	350	–
Taxes not dependent on income	342	90
Project losses, contract penalties, warranties	195	287
Expenses from the sale of 70% of the shares in GFT Technologies (India) Private Limited, Trichy, India	193	–
Value adjustments and uncollectable receivables	126	574
Expenses due to empty standing of rented space	83	–
Losses from disposal of fixed assets	31	41
Value impairment of other assets	31	–
Losses from disposals of securities	–	288
Out of period expenses	20	41
Other operating expenses	285	106
	21,515	21,236

Other operating expenses including other out-of-period operating expenses in the amount of €(k) 370 (prev. year €(k) 82) were incurred. They primarily concern disposal losses from non-current intangible assets and property, plant and equipment (€(k) 319; prev. year: €(k) 41).

26. Research and development expenses

In the financial year 2008 total expenses of €(k) 2,261 were recorded for research and development (prior year €(k) 3,637). The Group is reporting only expenses from the development of new technologies in this item.

27. Interest income, interest expenses

The interest result:

	2008 €(k)	2007 €(k)
Other interest and similar income		
Interest from bank balances	546	491
Interest from securities	242	226
Other interest income (mainly from clients' requirements)	126	94
	914	811
Interest and similar expenses		
Interest on financial liabilities	-35	-131
	-35	-131
Net interest income	879	680

Other Data

28. Cash flow statement

The GFT Group cash flow statement for the financial year 2008 is shown separately. Cash flow from operating activities has been determined following the indirect method. The additional information as per IAS 7 is indicated as follows:

The financial fund on which the cash flow statement is based on, is comprised of payment means and items equivalent to payment means (cash and bank balances); it matches the balance sheet items of the same name. €(k) 250 (prev. year €(k) 250) of cash and cash equivalents is restricted, since balances at banks in this amount are being used as collateral at the respective banks.

The cash flow from taxes on income for the financial year 2008 amounts to €(k) -1,870 (net pay-out; previous year €(k) -3,905); like the cash flow resulting from interest, it is included in the cash flow from ongoing business activities. Interest paid during the 2008 financial year totals €(k) 40 (previous year: €(k) 131), deposits from interest income total €(k) 909 (previous year: €(k) 901).

The disclosures on the sale of subsidiaries in the year 2008 have the following result:

	Sales price €(k)	Share of cash in the sales price %	Cash sold €(k)	Other assets sold €(k)	Liabilities sold €(k)
Sale of companies	0	100.0	174	130	28
				thereof	thereof
Non-current assets				63	
Current assets				67	
Non-current liabilities					–
Current liabilities					28

29. Net earnings per share

The earnings per share as per IAS 33 for the GFT Group are shown in the following table

	2008 €	2007 €
Undiluted earnings per share as per IAS 33	0.23	0.33
– current result allowed for	6,021,235.40	8,594,391.80
– no. of ordinary shares allowed for	26,325,946	26,325,946
Diluted earnings per share as per IAS 33	0.23	0.33
– current result allowed for	6,021,235.40	8,594,391.80
– no. of ordinary shares allowed for	26,325,946	26,325,946

After the completion of the most recently arranged GFT AG share option programme on 1 July 2005, no diluted potential ordinary shares could be produced.

30. Reporting on financial instruments

Information on financial instruments according to categories

The table on page 92 and 93 shows the carrying amounts and the fair value of the individual financial assets and liabilities for each individual category of financial instruments, and transfers them to the corresponding balance sheet items. As the balance sheet positions contain other assets and other liabilities of both financial instruments and non-financial assets/ non-financial liabilities (e.g. sales tax receivables, wage tax liabilities or received prepayments), the column “non-financial assets/liabilities” is used for this transfer.

The fair value of a financial instrument is the price at which a party would take on the rights and/or obligations of this financial instrument from an independent, contractually-willing other party.

In the case of financial instruments to be accounted for at fair value, the fair value is determined on the basis of market prices. If no market prices are available, a valuation is carried out using typical valuation methods based on instrument-specific market parameters.

The fair value of loans and receivables and of original liabilities is determined as the present value of future cash inflows or outflows, discounted at a current interest rate on the balance sheet date taking into account the respective due date of the asset items or the residual term of the liability. Should a market value or market price be available, this is fixed as the fair value. Owing to the mainly short maturity term of trade payables and receivables, other receivables and liabilities and cash and cash equivalents, the carrying amounts on the balance sheet date do not vary significantly from the fair value.

Financial assets which GFT has made available as security for liabilities exist in the form of securities with a carrying amount of €(k) 250 (prior year: €(k) 250), which have been pledged to the entitled parties up to a security amount of €(k) 250 (prior year: €(k) 250) to safeguard an existing pension commitment. Of the cash and cash equivalents, €(k) 250 (prior year: €(k) 250) were pledged to the respective bank for security purposes.

Income, expenses, profits and losses from financial instruments

The following table shows the net profits (+) or losses (-) from financial instruments:

	2008 €(k)	2007 €(k)
Net profits/losses from financial assets measured at fair value through profit or loss (from those which were classified as such when the revised IAS 39 was first applied in 2005)	-241	-237
Net profits/losses from financial liabilities measured at fair value through profit or loss (from derivatives without balance sheet hedging relationship held for trading purposes)	16	18
Net profits/losses from available-for-sale financial assets	–	–
– profit/loss which was directly recognised in equity (market assessment reserve)	-509	-234
– Amount which was transferred from equity (market assessment reserve) to the income statement	–	–
Net profits/losses from loans and receivables:	-54	-374
– Expenses from impairment	-110	-206
– Income from reversal of an impairment loss	72	12
– Write-offs	-16	-180
Net profits/losses from financial liabilities which are valued as amortised cost:	33	100
– Write-offs	33	100

Information on financial instruments according to categories

GFT Technologies Aktiengesellschaft, Stuttgart

31 December 2008

	Valued at fair value		Non-financial assets/liabilities		Carrying amount in the balance sheet	Valued at amortised costs
in €(k)	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	
Financial assets						
Investments			0	0		0
Available-for-sale financial assets			0	0		0
Trade receivables	44,123	44,123				44,123
Receivables from goods and services rendered	41,752	41,752				41,752
Loans and receivables	41,752	41,752				41,752
Amounts due from customers for construction work	2,371	2,371				2,371
Loans and receivables	2,371	2,371				2,371
Securities			2,178	2,178		2,178
Available-for-sale financial assets			1,446	1,446		1,446
Financial assets measured at fair value through profit or loss (classified as such upon initial application of the revised IAS 39)			732	732		732
Cash and cash equivalents	33,015	33,015				33,015
Loans and receivables (par value)	33,015	33,015				33,015
Other assets	818	818			1,234	2,052
Loans and receivables	818	818				818
Sum of Financial assets	77,956	77,956	2,178	2,178		
Loans and receivables	77,956	77,956	0	0		
Available-for-sale financial assets	0	0	1,446	1,446		
Financial assets measured at fair value through profit or loss	0	0	732	732		
Financial liabilities						
Financial liabilities	150	150				150
Financial liabilities valued at amortised cost	150	150				150
Trade liabilities	26,100	26,100				26,100
Financial liabilities valued at amortised cost	26,100	26,100				26,100
Other liabilities	1,081	1,081			6,990	8,071
Financial liabilities valued at amortised cost	1,081	1,081				1,081
Other provisions			32	32	13,231	13,263
Financial liabilities measured at fair value through profit or loss (derivatives without balance sheet hedging relationship held for trading purposes)			32	32		32
Sum of Financial liabilities	27,331	27,331	32	32		
Financial liabilities valued at amortised cost	27,331	27,331	0	0		
Financial liabilities measured at fair value through profit or loss	0	0	32	32		

31 December 2007

	Valued at fair value		Non-financial assets/liabilities		Carrying amount in the balance sheet	Valued at amortised costs
in €(k)	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	
Financial assets						
Investments			0	0		0
Available-for-sale financial assets			0	0		0
Trade receivables	47,947	47,947				47,947
Receivables from goods and services rendered	43,650	43,650				43,650
Loans and receivables	43,650	43,650				43,650
Amounts due from customers for construction work	4,297	4,297				4,297
Loans and receivables	4,297	4,297				4,297
Securities			3,002	3,002		3,002
Available-for-sale financial assets			1,954	1,954		1,954
Financial assets measured at fair value through profit or loss (classified as such upon initial application of the revised IAS 39)			1,048	1,048		1,048
Cash and cash equivalents	25,699	25,699				25,699
Loans and receivables (par value)	25,699	25,699				25,699
Other assets	1,713	1,713			1,866	3,579
Loans and receivables	1,713	1,713				1,713
Sum of Financial assets	75,359	75,359	3,002	3,002		
Loans and receivables	75,359	75,359	0	0		
Available-for-sale financial assets	0	0	1,954	1,954		
Financial assets measured at fair value through profit or loss	0	0	1,048	1,048		
Financial liabilities						
Financial liabilities	150	150				150
Financial liabilities valued at amortised cost	150	150				150
Trade liabilities	28,916	28,916				28,916
Financial liabilities valued at amortised cost	28,916	28,916				28,916
Other liabilities	483	483			7,066	7,549
Financial liabilities valued at amortised cost	483	483				483
Other provisions			48	48	15,071	15,119
Financial liabilities measured at fair value through profit or loss (derivatives without balance sheet hedging relationship held for trading purposes)			48	48		48
Sum of Financial liabilities	29,549	29,549	48	48		
Financial liabilities valued at amortised cost	29,549	29,549	0	0		
Financial liabilities measured at fair value through profit or loss	0	0	48	48		

The net profits or losses from financial assets and liabilities measured at fair value through profit or loss also include interest expenses and income from these financial instruments in addition to earnings from changes in market value.

The net profits or losses from available-for-sale financial assets comprise the effects on net income due to disposals, impairment or reversal of an impairment loss recognised in profit or loss of the securities and investments classified as available for sale.

The net profits or losses arising from loans and receivables, and from financial liabilities which are valued at amortised cost, mainly contain earnings from impairment, reversal of an impairment loss and write-offs which are shown in other operating income or expenses.

The total interest income and expenses for financial assets and financial liabilities which are not classified as measured at fair value through profit or loss are as follows:

	2008 €(k)	2007 €(k)
Total interest income	826	628
Total interest expenses	35	131

For a statement of impairment loss on trade receivables, please refer to “The development of valuation allowance” in Point 11. In the case of other assets, impairment losses of €(k) 31 recognised in profit and loss (prior year: €(k) 98) were accrued.

In the reporting period, as in the previous year, no impairments on investments or on securities in the “available for sale” category were recognised in profit or loss. We refer to our notes, point 13.

Hedge accounting

As at 31 December 2008, as on the cut-off date in the prior year, no derivatives existed that were part of a hedge relationship within the meaning of IAS 39. Derivates which are used in the GFT Group according to interest, currency and price hedging operating criteria but do not meet the strict criteria of IAS 39, are assigned to the “measured at fair value through profit or loss” category. As at 31 December 2008 one such derivate (the same interest swap) existed, as on the cut-off date in the prior year, whereby the profit from the change in the fair value is recognised in the income for the period; in addition, the operational hedging purpose no longer applied in 2006 due to the disposal of the underlying security.

The total sum of the change in the fair value of financial instruments estimated with the aid of a valuation technique, which was recognised in profit or loss in the reporting period, amounted to €(k) 16 (prior year: €(k) -18).

General information on risks arising from financial instruments

GFT is exposed to various risks in connection with financial instruments, which are detailed below: The risk report within the combined management report and consolidated management report (Point 11.5) also contains statements on the risks arising from financial instruments which we hereby refer to.

GFT has issued internal guidelines which concern risk controlling processes and thus contain a clear separation of functions with regard to the operative financial activities, their handling, bookkeeping and the controlling of the financial instruments. The guidelines which form the basis for the Group's risk management processes are aimed at identifying and analysing the risks on a Group-wide basis. In addition, they are aimed at the appropriate limitation and control of risks and their supervision.

Credit risk

The credit risk is the risk of a financial loss arising because a contracting party fails to meet its contractual payment obligations. The credit risk includes both the direct credit risk and the risk of deterioration in creditworthiness.

The liquid funds are mainly composed of cash and cash equivalents and short-term realisable securities. The Group is exposed to losses from credit risks in connection with the investment of cash and cash equivalents if banks and issuers of securities do not meet their obligations. When investing cash and cash equivalents, the banks and issuers of securities are selected with care. The maximum risk exposition from cash and cash equivalents corresponds to the carrying amounts of these assets.

The trade receivables result from sales activities of the Group. The credit risk includes the credit risk of customers; customer receivables are not hedged as a rule. GFT controls credit risks from trade receivables on the basis of internal guidelines. In order to safeguard against credit risk, creditworthiness checks are carried out by counterparties. Processes also exist for regular monitoring, especially of default-endangered receivables. Valuation allowances are carried out for the risk inherent in trade receivables if required. The maximum risk exposition from trade receivables corresponds to the carrying amount of these receivables. The carrying amounts of trade receivables with a separate disclosure of overdue and value-adjusted receivables are comprised as follows:

	31/12/2008 €m	31/12/2007 €m
Neither overdue nor value-adjusted receivables	38.3	44.3
Overdue receivables which have not been value adjusted		
Less than 90 days	5.2	2.3
90 to 180 days	0.5	0.2
180 to 360 days	0.1	0.1
More than 360 days	0.0	0.0
Value-adjusted receivables	0.0	1.0
Carrying amount	44.1	47.9

The maximum credit risk exposition of the financial assets shown in Other assets corresponds to the carrying amount of these instruments; GFT is only exposed to a minimal credit risk from Other assets. There are no overdue, but not value-adjusted other financial assets.

Risk concentrations arose in the area of credit risk as follows:

	Trade receivables 31/12/2008 €m	Trade receivables 31/12/2007 €m
Carrying amount	44.1	47.9
Concentration according to customers:		
Receivables from 5 biggest customers	21.1	31.1
Receivables from rest of customers	23.0	16.8
Concentration according to regions:*		
Germany	27.8	28.0
Europe (outside Germany)	14.9	10.5
Rest of the world	1.4	9.4

* According to location of customers

Liquidity risk

The liquidity risk describes the risk that a company cannot adequately meet its financial obligations.

GFT mainly generates funds from operative business: external financing only plays a subordinate role. The funds are mainly used to finance working capital and investments. GFT controls its liquidity by the Group holding cash and cash equivalents to a sufficient extent in addition to the inflow of cash from the operative business and maintains credit line with banks. The liquid funds are mainly composed of cash and cash equivalents and short-term realisable securities. Some of the instruments held as cash and cash equivalents are exposed to market price risks, whereby decisions with regard to hedging are taken on an individual basis.

The operative liquidity management comprises a cash pooling process for the German companies, through which the daily consolidation of cash and cash equivalents is carried out. The foreign companies are included in the liquidity management by means of a central treasury. Liquidity surpluses and demands can thus be controlled according to the needs of the entire Group, as well as individual companies in the Group. The due dates of financial assets and financial liabilities and estimates of the operative cash flow are included in the short and medium-term liquidity management.

A breakdown of the residual term of financial liabilities based on the contractually agreed due dates is shown below: The contractually agreed undiscounted cash flows are also shown.

In €(k) as at 31/12/2008	Carried amount 31/12/2008	Cash flows up to 1 month	Cash flows of 1 to 3 months	Cash flows from 3 months to 1 year	Cash flows of 1 to 5 years	Cash flows of more than 5 years
Financial liabilities	150			150		
Trade payables	26,100	21,489	4,535	76		
Other liabilities	1,081	1,080	1			
Derivative financial liabilities (held for trading purposes) ¹	32					
	27,363					

In €(k) as at 31/12/2007	Carried amount 31/12/2007	Cash flows up to 1 month	Cash flows of 1 to 3 months	Cash flows from 3 months to 1 year	Cash flows of 1 to 5 years	Cash flows of more than 5 years
Financial liabilities	150			150		
Trade payables	28,916	22,521	6,395			
Other liabilities	483	483				
Derivative financial liabilities (held for trading purposes) ¹	48					
	29,597					

¹ A statement has not been made on the cash flow of derivative financial liabilities, as only one interest swap is involved with a term up to 31 December 2015. The effects of this interest swap on the cash flow of the fiscal year 2015 cannot be predicted.

The liquidity kept in reserve, the credit lines and the ongoing operative cash flow give GFT sufficient flexibility to cover the Group's refinancing needs. The liquidity risk is low; there are no risk concentrations in relation to liquidity risks.

Market risk

In terms of market risk, risk means that the fair value or future cash flows of a financial instrument fluctuate due to the changes in market prices. Market risk includes the three risk types, exchange rate risk, interest risk and other price risks (e.g. share price risks). Market risks may have a negative impact on the Group's financial position and profit or loss. GFT controls and monitors market risks mainly via its operative business and financing activities and, if it is appropriate and meaningful in individual cases, by using derivative financial instruments. The Group regularly assesses these risks by following changes in economic key indicators and market information.

GFT is also subject to exchange rate risks due to the international orientation of the GFT Group. Exchange rate risks occur in the case of financial instruments which are denominated in a foreign currency, i.e. a different currency to the functional currency in which they are valued. Financial instruments in functional currency and non-monetary items do not exhibit any exchange rate risk.

The exchange rate risk of the GFT Group arising from operative business is very low for the following reasons:

- The revenue of the GFT Group is generated virtually exclusively in the euro (2008 approximately 94%, 2007 approximately 97%), which is the functional currency of the invoicing company. This also applies to sales with customers in England and Brazil in addition to customers in the euro zone. Sales through customers in Switzerland (accordingly about 2.7% of the total revenue) are normally invoiced in Swiss francs, which is the functional currency of the Swiss international affiliate, and so no exchange rate risk is incurred. The other revenues in foreign currency are mainly revenues in British pounds.
- The purchases of the GFT Group (mainly outside services, staff) are also carried out virtually exclusively in the functional currency of the procuring company (in practice largely in €).

Effects may arise from the currency conversion within the scope of consolidation from the conversion from the balance sheet and income statement of subsidiaries whose functional currency is not the euro. These currency conversion effects recognised directly in equity have only resulted in minimal amounts over the last few years (< €(k) 100).

There are no currencies that pose a significant risk to the Group. This also applies to the US dollar, whose development does not directly affect the financial instruments of the GFT Group. In the fiscal years 2007 and 2008 exchange rate hedging, e.g. through derivative financial instruments, was not necessary and was not carried out.

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in the market interest rate. As regards financial assets, GFT does not see any risk from interest rate changes in the case of the largely short-term due and non-interest-bearing trade receivables or the other financial assets. In the case of cash and cash equivalents there is a risk that a lower market interest rate will lead to lower interest income; a fall in the market interest rate by one percentage point would in this case lead to a fall in the interest income of between €(k) 150 and €(k) 300 p.a. The securities with a partially variable rate of interest (liabilities) are subject to an interest risk that is reflected in both the fair value and the size of the interest income. Owing to the manageable scale of the existing security portfolios, GFT sees the interest risk for securities in relation to interest income as insignificant (approximately €(k) 15 to €(k) 30 per percentage point change in interest), whereas the impact on the fair value of the securities may be considerable. No original financial liabilities with a variable rate of interest existed in 2007 and 2008, so that there is no interest risk with regard to the main part of the financial liabilities. In 2007 and 2008 a derivative financial liability (interest swap) existed, which is subject to an interest risk; since the existence of the interest swap (2005) the fair value was between €(k) -32 and €(k) -66, which is why the interest risk is not seen as significant. Hedging of the interest risk was not necessary and was not carried out in 2007 and 2008.

As GFT does not hold any shares in quoted joint-stock companies and other financial instruments are not dependent on share prices or share price indexes, there is no share price risk.

31. Contingent liabilities

Securities up to a security amount of €(k) 250 (prev. year: €(k) 250) have been pledged to secure an existing pension commitment to authorised persons. Of the assets at financial institutions, €(k) 250 (prev. year: €(k) 565) have been pledged to the relevant banks for security purposes.

32. Other financial obligations

The amount of future minimum leasing payments from operating leasing relations is put together as follows:

	31/12/2008 €(k)	31/12/2007 €(k)
Obligations from temporary rental, leasing and licensing contracts at nominal value:		
– 2009	4,763	4,903
– 2010 – 2012	7,076	9,540
– 2013 and later (excluding obligations unlimited in time)	839	2,113
	12,678	16,556
Annual obligations from open-ended rental contracts:	428	442

Payments under operating leases that are recorded as expense in the period under review total €(k) 5,105 (prior year €(k) 4,865).

All lease agreements of the GFT Group can be qualified as operating leases from a commercial point of view, so that leased objects are attributed to the lessor, not GFT, the lessee. Leases primarily relate to business premises, as well as vehicles and office equipment. Lease agreements for buildings are generally concluded for a fixed lease period and had remaining terms of up to ten years as at 31 December 2008. Operating leases for vehicles and office equipment have terms of between three and seven years. Agreements usually terminate automatically at the end of the term of the agreement.

33. Relationships with affiliated companies and persons

Affiliated persons from the shareholder group that held shares in the Company prior to the IPO in June of 1999 are the Chairman of the Executive Board, Ulrich Dietz, as well as Mrs. Maria Dietz, an authorised signatory of GFT AG. Ulrich Dietz and Maria Dietz have informed the company that they hold 29.94% and 9.67% of voting rights in GFT Technologies AG, respectively, as at 1 April 2002. As at 31 December 2008, Ulrich Dietz holds 28.46% (prior year: 28.29%) of GFT shares. There were no other relationships or transactions above and beyond the existing employment relationships with the individuals mentioned above during the financial year 2008 as well as during the financial year 2007.

In the 2008 financial year Executive Board member Marika Lulay owned one share (=0.33%) in the GFT Technologies (Schweiz) AG, Wallisellen/Switzerland subsidiary (unchanged compared to the financial year 2007).

We refer to the following section on parent company organs for the composition of people affiliated to the Executive and Supervisory Boards, their remuneration and ownership of GFT shares.

Since 1 March 2008 eQuadriga Software Private Limited (formerly GFT Technologies (India) Private Limited), Trichy, India, is a closely-related company of the GFT Group (associated company since 1 March 2008, previously fully consolidated). Relations to eQuadriga Software Private Limited have existed since 1 March 2008 primarily within the context of service procurements (above all procurement of IT advisory and programming services). In total, in the period from 1 March 2008 to 31 December 2008 services were procured from eQuadriga Software Private Limited in the amount of €(k) 168; the services were invoiced at customary market conditions. As at 31 December 2008, the trade liabilities contain liabilities vis-à-vis eQuadriga Software Private Limited in the amount of €(k) 22.

34. Parent company organs

Executive Board

Mr. Ulrich Dietz, Chairman of the Executive of the Board (Chief Executive Officer), responsible for the segments *Resourcing* and *Software* as well as for the corporate functions Marketing, Communications and Investor Relations.

Supervisory Board seats:

GFT Iberia Solutions, S.A., Sant Cugat del Vallés, Spain (Chairman)

Sparkasse Schwarzwald-Baar (Advisory Board)

further memberships in comparable controlling bodies:

Deutsche Bank AG, Stuttgart (Advisory Committee)

Mrs. Marika Lulay, Member of the Executive Board (Chief Operating Officer), responsible for the segment *Services* as well as for the corporate functions Technology and Quality Management

Supervisory Board seats:

GFT Iberia Solutions, S.A., Sant Cugat del Vallés, Spain (Assistant Chairman)

GFT Technologies (Schweiz) AG, Wallisellen, Switzerland (Advisory Board)

GFT UK Limited, London (Member of the Board)

GFT Technologies (India) Private Limited, Trichy, India (Member of the Board; until February 2008)

Dr. Jochen Ruetz, Member of the Executive Board (Chief Financial Officer), responsible for the corporate functions Finance, Controlling, Human Resources, Internal Revision, Legal and Internal IT

Supervisory Board seats:

G. Elsinghorst Handelsgesellschaft mbH, Bocholt, Germany

GFT Iberia Solutions, S.A., Sant Cugat del Vallés, Spain

Supervisory Board

Mr. Franz Niedermaier, former CEO Oracle Deutschland GmbH, Chairman

further Supervisory Board seats:

SECARON AG, Munich (Assistant Chairman)

Intrafind Software AG, Munich (Chairman)

Dr. Peter Opitz, lawyer, Assistant Chairman

Prof. Dr. Gerhard Barth, Associated partner at Atreus GmbH, Bad Homburg, Germany (formerly Boyden Interim Management Bersch, Lange & Partner Gesellschaft für Organisationsentwicklung mbH, Bad Homburg)

Dr. Thorsten Demel, Chief Operating Officer, Managing Director Global Technology & Operations, Deutsche Bank AG

further Supervisory Board seats:

Pago eTransaction GmbH, Cologne, Germany

Dr. Simon Kischkel, Project Director GFT Technologies AG, Stuttgart (employee)

Mr. Andreas Bernhardt, owner of the individual enterprise Executive advice, Erdmannhausen;

Associate of Broadband United GmbH, Regensburg, Germany; Associated Partner bei Atreus GmbH, Bad Homburg (formerly Boyden Interim Management Bersch, Lange & Partner Gesellschaft für Organisationsentwicklung mbH, Bad Homburg)

Total remuneration for the Executive Board for the 2008 fiscal year amounted to €(k) 1,242 (prev. year: €(k) 1,658). It is exclusively due in the short term as defined by IAS 24. Pursuant to the resolution of the Annual General Meeting of 23 May 2006, GFT AG is utilising the regulation of Section 314 (2) in combination with Section 286 (5) German Commercial Code (HGB) and does not disclose the remuneration of individual Executive Board members. For former members of the management of one of the companies merged into GFT AG, pension provisions in the amount of €(k) 83 (prev. year €(k) 78) have been formed.

Total remunerations for the Supervisory Board for the 2008 fiscal year amounted to €(k) 83 (prev. year: €(k) 83). It is exclusively comprised of fixed, not profit related commission. As the year before, in the financial year 2008, no further commissions for personally fulfilled activities were paid to the members of the supervisory board.

The stocks of GFT shares held by members of the Group's organs in the financial years 2007 and 2008 are comprised as follows:

Executive Board Members	Ulrich Dietz	Marika Lulay	Dr. Jochen Ruetz	Total
Shares	Quantity	Quantity	Quantity	Quantity
As at 01/01/2007	7,203,129	20,000	100,000	7,323,129
Additions	244,700	5,000	0	249,700
Subtractions	0	0	0	0
As at 31/12/2007	7,447,829	25,000	100,000	7,572,829
Additions	63,000	300	300	63,600
Subtractions	-17,831	0	0	-17,831
As at 31/12/2008	7,492,998	25,300	100,300	7,618,598

Supervisory Board Members	Franz Niedermaier	Dr. Peter Opitz	Prof. Dr. Gerhard Barth	Dr. Thorsten Demel	Dr. Simon Kischkel	Andreas Bernhardt	Total
Shares	Quantity	Quantity	Quantity	Quantity	Quantity	Quantity	Quantity
As at 01/01/2007	30,000	0	0	0	1,302	0	31,302
Additions	0	0	0	0	0	13,000	13,000
Subtractions	0	0	0	0	0	0	0
As at 31/12/2007	30,000	0	0	0	1,302	13,000	44,302
Additions	20,000	0	0	0	0	13,000	33,000
Subtractions	0	0	0	0	0	0	0
As at 31/12/2008	50,000	0	0	0	1,302	26,000	77,302

35. Employees

In the 2008 financial year there were on average 1,037 employees, in 2007 1,072.

36. Honorarium for the Balance Sheet Auditor

The honorarium recorded for the auditors of the consolidated accounts, Grant Thornton GmbH Wirtschaftsprüfungsgesellschaft, as an expense in the 2008 financial year totalled:

	2008 €(k)	2007 €(k)
Auditing of financial statements	201	201
Other ratification or valuation services	61	58
Tax accountancy services	–	1
Other services provided to the parent company or subsidiaries	33	14
	295	274

37. Events after the balance sheet key date

No noteworthy events occurred during the year on or before 6 March 2009. We refer to the information in the Consolidated Financial Statements and the Financial Statements.

38. Disclosures pursuant to section 160 (1) No. 8 of the German Stock Corporation Act

GFT AG received notification on 18 July 2008 from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, regarding an equity stakeholding, the text of which was as follows:

"In their communication dated 16 June 2008, pursuant to section 21 subsection 1 of the German Securities Trading Act, Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, informed us that, with effect from 13 June 2008, their voting power in our company in all portfolios fell under the 5% threshold and as at this date stands at 4.967% (1,307,706 votes). Included in this figure are the 1,297,706 votes amounting to 4.929% held by Baden-Württembergische Investmentgesellschaft mbH pursuant to section 22 subsection 1 (6) of the German Securities Trading Act. Votes are thereby ascribed to Baden-Württembergische Investmentgesellschaft mbH from the following shareholder, whose voting power amounts to 3% or more in GFT Technologies AG:

– Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Deutschland."

GFT AG received notification on 15 July 2008 from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, regarding an equity stakeholding, the text of which was as follows:

"In their communication dated 15 July 2008, pursuant to section 21 subsection 1 of the German Securities Trading Act, Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, informed us that, with effect from 14 July 2008, their voting power in our company in all portfolios exceeded the 5% threshold and as at this date stands at 5.10% (1,342,706 votes). Included in this figure are the 1,187,706 votes amounting to 4.51% held by Baden-Württembergische Investmentgesellschaft mbH pursuant to section 22 subsection 1 (6) of the German Securities Trading Act. Votes are thereby ascribed to Baden-Württembergische Investmentgesellschaft mbH from the following shareholder, whose voting power amounts to 3% or more in GFT Technologies AG:

– Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Deutschland."

GFT AG received notification on 16 June 2008 from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, regarding an equity stakeholding, the text of which was as follows:

"In their communication dated 16 June 2008, pursuant to section 21 subsection 1 of the German Securities Trading Act, Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, informed us that, with effect from 13 June 2008, their voting power in our company in all portfolios fell under the 5% threshold and as at this date stands at 4.98% (1,312,184 votes). Included in this figure are the 1,187,706 votes amounting to 4.51% held by Baden-Württembergische Investmentgesellschaft mbH pursuant to section 22 subsection 1 (6) of the German Securities Trading Act. Votes are thereby ascribed to Baden-Württembergische Investmentgesellschaft mbH from the following shareholder, whose voting power amounts to 3% or more in GFT Technologies AG:

- Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Deutschland."*

GFT AG received notification on 12 June 2008 from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, regarding an equity stakeholding, the text of which was as follows:

"In their communication dated 12 June 2008, pursuant to section 21 subsection 1 of the German Securities Trading Act, Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, informed us that, with effect from 11 June 2008, their voting power in our company in all portfolios reached the 5% threshold and as at this date stands at 5.00% (1,317,184 votes). Included in this figure are the 1,187,706 votes amounting to 4.51% held by Baden-Württembergische Investmentgesellschaft mbH pursuant to section 22 subsection 1 (6) of the German Securities Trading Act. Votes are thereby ascribed to Baden-Württembergische Investmentgesellschaft mbH from the following shareholder, whose voting power amounts to 3% or more in GFT Technologies AG:

- Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Deutschland."*

GFT AG received notification on 19 September 2007 from AvW Group AG, Krumpendorf, Austria, regarding an equity stakeholding, the text of which was as follows:

"AvW Group AG, Krumpendorf, Austria, disclosed in a letter dated 19.09.2007 in line with section 21 (1) of the Securities Trading Act (WpHG) that its voting equity stake in our company exceeded the 5% threshold for voting rights on 17/09/2007, totalling 5.0127% on this date (number of shares disclosed: 1,319,641).

Also, in a letter dated 19/09/2007 from AvW Beteiligungsverwaltung GmbH (Vienna, Austria), Dr. Wolfgang Auer von Welsbach (Austria) and the Auer von Welsbach Privatstiftung (Vienna, Austria) were informed that shareholdings of the aforementioned individuals/legal entities in our company had exceeded the 5% threshold for voting rights on 17/09/2007 by means of shareholdings in AvW Gruppe AG, totalling 5.0127% on this date (number of shares disclosed: 1,319,641). This voting contingent accrues to the respective individuals/legal entities above pursuant to section 22 (1), sentence 1, no. 1 of the Securities Trading Act (WpHG). In addition, the following shareholdings were also disclosed: AvW Beteiligungsverwaltung GmbH (FN 204069 b) holds a 100% stake in AvW Gruppe AG. The Auer von Welsbach Privatstiftung (private foundation -- FN 171457 v) is the sole shareholder of AvW Beteiligungsverwaltung GmbH. Dr. Auer von Welsbach, founder of the Auer von Welsbach Privatstiftung, has sole right to amend the foundation deed of the Auer von Welsbach Privatstiftung."

GFT AG was informed on 25 June 2007 by the KST Beteiligungs Aktiengesellschaft, Stuttgart, of an equity stakeholding, the text of which was as follows:

"KST Beteiligungs Aktiengesellschaft with its registered office in Stuttgart, Germany, disclosed in a letter dated 25/06/2007 pursuant to with section 21 (1) of the Securities Trading Act that its voting stake in GFT Technologies AG fell below the 5% and 3% thresholds as at 20/06/2007, and now totalled 2.53% (equivalent to 666,300 votes)."

On 3 April 2002, GFT AG was informed by Mr. Ulrich Dietz and Mrs. Maria Dietz, of St. Georgen, of the existence of equity interest, the content of which was made public as follows:

"Mr. Ulrich Dietz, domiciled in St. Georgen, informed us on 03/04/2002, pursuant to section 41 (2), No. 1 of the German Securities Trading Act, that 29.94% of the voting rights in GFT Technologies AG are imputable to him as at 01/04/2002. Mrs. Maria Dietz, domiciled in St. Georgen, informed us on 03/04/2002, pursuant to section 41 (2), No. 1 of the German Securities Trading Act, that 9.67% of the voting rights in GFT Technologies AG are imputable to her as at 01/04/2002."

39. Issuance of the Statement on the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act

On 15 December 2008, the Executive Board and the Supervisory Board issued the updated Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act, and made it available to all shareholders on the Company's website as at 17 December 2008.

Stuttgart, 6 March 2009

GFT Technologies Aktiengesellschaft
Executive Board



Ulrich Dietz
Executive Board (Chairman)



Marika Lulay
Executive Board



Dr. Jochen Ruetz
Executive Board

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Stuttgart, 6 March 2009



Ulrich Dietz
Executive Board (Chairman)



Marika Lulay
Executive Board



Dr Jochen Ruetz
Executive Board

Auditor's Report

We have audited the Consolidated Financial Statements of the GFT Technologies Aktiengesellschaft, Stuttgart (comprising balance sheet, income statement, changes in shareholders' equity statement, cash flow statement, and notes to the financial statements) and its summarised management and Group Management Report for the business year from 1 January 2008 to 31 December 2008. The preparation of consolidated financial statements and the summarised Management Report and Group Management Report in accordance with the International Financial Reporting Standard (IFRS) as used in the EU and the supplementing commercial law guidelines that are used in accordance with Article 315a (1) of the German Commercial Code are the responsibility of the company's legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the summarised Management Report and Group Management Report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Article 317 of the German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). These standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and earnings situation in the annual financial statements in accordance with German principles of proper accounting and in the summarised Management Report and Group Management Report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and in the consolidated financial statements and Management Report and Group Management Report are examined primarily on a test basis within the framework of the audit. The audit includes the assessment of the financial statements of the companies included in the consolidated financial statements, the segregation of the consolidated group, the accounting and consolidation principles used, and the significant estimates made by legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the summarised Management Report and Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the Consolidated Financial Statements of GFT Technologies Aktiengesellschaft satisfy the IFRS as applied in the EU, and the supplemental commercial law guidelines that are used in accordance with Article 315a, Section 1 of the German Commercial Code, and with due consideration of these guidelines give a true and fair view of the net assets, financial situation, and earnings situation of the Group in accordance with the actual conditions. The summarised Management Report and Group Management Report agree with the consolidated financial statements, and as a whole provide a suitable view of the Group's situation and accurately represent the opportunities and risks of future development.

Stuttgart, 10 March 2009
Grant Thornton GmbH
Wirtschaftsprüfungsgesellschaft



Herrmann-Josef Schulze Osthoff
Auditor



Jürgen Scheftschik
Auditor

Annual Financial Statements

of GFT Technologies AG as at 31 December 2008

Contents

Balance Sheet	108
Income Statement	110
Notes	111
Responsibility Statement	126
Auditor's Report	127

Balance Sheet (HGB)

as at 31 December 2008

GFT Technologies Aktiengesellschaft, Stuttgart

ASSETS	31/12/2008 €	31/12/2007 €
A. Non-current assets		
I. Intangible Assets		
1. Licences, industrial property rights and similar rights and values	2,794,497.00	163,547.00
2. Goodwill	0.00	0.00
	2,794,497.00	163,547.00
II. Tangible assets		
Other equipment, office and factory equipment	933,853.00	791,142.60
III. Financial assets		
1. Shares in affiliated companies	16,044,775.22	16,073,656.70
2. Investments	4,536.44	0.00
	16,049,311.66	16,073,656.70
	19,777,661.66	17,028,346.30
B. Current assets		
I. Inventories		
Work in progress	3,221,656.26	3,778,271.70
II. Receivables and other current assets		
1. Trade receivables	2,097,809.26	18,723,032.39
2. Receivables from affiliated companies	11,869,639.12	6,651,430.74
3. Receivables from participations	675.00	0.00
4. Other assets	1,395,525.54	1,966,093.95
	15,363,648.92	27,340,557.08
III. Securities		
Other securities	1,802,800.00	2,634,500.00
IV. Cash balance, cash at banks	16,122,248.91	16,085,699.33
	36,510,354.09	49,839,028.11
C. Accruals and deferrals	92,195.88	85,058.02
D. Deferred tax assets	120,861.00	175,768.74
	56,501,072.63	67,128,201.17

Income Statement

for the period from 1 January to 31 December 2008
GFT Technologies Aktiengesellschaft, Stuttgart

	2008 €	2007 €
1. Revenue	37,935,849.89	119,676,238.34
2. Change in inventories of work in progress	-556,615.44	1,998,786.64
3. Other operating income	6,341,662.29	5,438,355.80
	43,720,896.74	127,113,380.78
4. Cost of materials:		
a) Cost of purchased goods	0.00	2,025.30
b) Costs of purchased services	19,686,502.12	102,450,348.21
	19,686,502.12	102,452,373.51
5. Personnel expenses		
a) Salaries and wages	13,606,195.81	14,997,929.13
b) Social security and expenditures for retirement pensions – of which for retirement pensions € 45,437.81 (prev. year: € 42,033.80)	1,764,759.75	2,166,398.46
	15,370,955.56	17,164,327.59
6. Depreciation on intangible assets and tangible assets	565,714.28	508,874.76
7. Other operating expenses	6,610,581.78	8,570,342.36
	1,487,143.00	-1,582,537.44
8. Income from investments – of which from affiliated companies € 6,050,000.00 (prev. year: € 2,700,000.00)	6,070,000.00	2,700,000.00
9. Income from profit transfer agreements	2,158,722.40	1,544,657.04
10. Tax sharing payments from subsidiaries	325,495.00	304,540.00
11. Other interest and similar income – of which from affiliated companies € 469,113.19 (prev. year: € 213,784.89)	921,772.86	583,970.29
12. Depreciation on financial assets and on securities classified as current assets	991,700.00	831,300.00
13. Interest and similar expenses – of which to affiliated companies € 142,189.20 (prev. year: € 123,713.82)	145,594.72	132,810.89
	8,338,695.54	4,169,056.44
14. Result from ordinary business activities	9,825,838.54	2,586,519.00
15. Taxes on income	326,196.82	80,395.98
16. Other taxes	16,592.23	25,233.81
	342,789.05	105,629.79
17. Net income	9,483,049.49	2,480,889.21
18. Loss carried forward from previous year	0.00	-27,681,058.70
19. Allocated from capital reserve	0.00	25,198,781.84
20. Allocated from retained earnings – from the statutory reserve	0.00	1,387.65
21. Allocations to retained earnings – to other retained earnings	-4,500,000.00	0.00
22. Net earnings	4,983,049.49	0.00

Notes to the Financial Statements (HGB)

as of 31 December 2008

GFT Technologies Aktiengesellschaft, Stuttgart

I. General Data on the Annual Financial Statement and on the Accounting and Valuation Methods

1. General information

The Annual Financial Statement for GFT Technologies Aktiengesellschaft (GFT AG or the company) was prepared in € pursuant to the regulations of the German commercial code (HGB) and the German Stock Corporations Act (AktG). The profit and loss statement was prepared pursuant to the total cost method. The company is a large public limited company in terms of section 267 of the German commercial code.

By implementing the resolution of the Annual General Meeting of 11 June 2008, the domicile of GFT AG has been Stuttgart since 25 August 2008; it was previously St. Georgen.

With effect on 1 January 2008, GFT AG sold its holdings in emagine gmbh, Eschborn, to GFT Resource Management GmbH, Eschborn, and contributed its operative share in emagine to GFT Resource Management GmbH by means of singular succession. This transfer of emagine activities had no effect on the income statement in the Annual Statements of GFT AG in financial year 2008.

Also with effect on 1 January 2008, the French business premises (Paris) of GFT AG were transferred to GFT Technologies SARL, Neuilly Sur Seine. This transfer did not lead to any effect on the income statement of GFT AG in financial year 2008.

2. Accounting and valuation methods

Goodwill acquired is capitalised and amortised according to schedule over fifteen years. Other intangible assets acquired are valued at cost, reduced by scheduled linear depreciation amounts. The regular useful life is of three years.

Tangible fixed assets are valued at cost, reduced by scheduled wear-and-tear depreciation amounts. The depreciations for movable tangible fixed assets are made linearly over useful lives of three to thirteen years. Low-value capital goods are fully depreciated in the year of acquisition, and their disposal is also imputed in the year of acquisition.

For capital assets of low value that were acquired after 31 December 2007, the company is applying the new regulations of Section 6 (2) and (2a) German Income Tax Law (EstG). Accordingly, low value capital assets with acquisition costs of up to € 150 are fully depreciated in the year of acquisition while the disposal is also imputed in the year of acquisition. For low value capital assets with acquisition costs over € 150 and up to € 1,000, a summary item is formed per year that is depreciated by 1/5 annually, while the disposal is imputed after the expiration of the five years. The change in valuation method with regard to low value capital assets had no material influence on the assets, financial and earnings position. The financial assets are valued at cost under observation of the lower-of-cost-or-market principle.

As far as the value of fixed assets calculated according to existing principles is higher than the value attached to it on the balance sheet date, it will be accommodated through special write-offs. As far as the reasons for depreciations carried out in previous years no longer exist, a write-up will be undertaken.

The valuation of unfinished services is carried out on the basis of manufacturing costs accrued. Projects with loss expectations are assessed at lower values.

With receivables balanced at nominal value, write-downs take into account identifiable single risks. The general credit risk is sufficiently accommodated with a general bad debt provision of 1.0% (prev. year: 1.0%) on receivables.

Securities of liquid assets are valued at cost or at lower market prices.

Deferred taxes on the assets side are applied from case to case in exercising the voting right according to section 274 (2) German Commercial Law, in the amount of the expected tax savings in the subsequent years. It is calculated at a tax rate of 28.0% (prev. year: 28.0%).

The fractional value of the pension obligations was calculated according to mathematical insurance methods based on a rate of interest of 6%. The "2005 G Guideline Tables" by Prof. Klaus Heubeck (Cologne 2005) were used as a basis for the computation. The anniversary provisions are calculated at an interest rate of 5.5%, using the same "2005 G Guideline Tables" as basis.

The other provisions take into account all identifiable risks and contingent obligations. If needed, the taxation provisions also include deferred tax liabilities, in addition to the actual liabilities.

The remaining assets and liabilities are reported at the nominal value or repayment amount.

Receivables and liabilities in a foreign currency are valued at the exchange rate corresponding to the transaction date. Losses from exchange rate fluctuations are taken into account.

II. Explanations of the Income Statement

Lack of comparability with amounts from the previous year

The comparability of the amounts given in the balance sheet and the income statement of the Annual Statements as of 31 December 2008 with the corresponding amounts of the previous financial year are limited for the following reasons:

- Transfer of the assets and liabilities allocated to the operative share in emagine to GFT Resource Management GmbH, Eschborn, on 1 January 2008
- Retroactive transfer of the assets and liabilities allocated to the French business premises (Paris) to GFT Technologies SARL, Neuilly Sur Seine, on 1 January 2008.

The effects are quantified below for the material items affected on the balance sheet and income statement through showing the previous year amounts modified by the disposals.

Balance Sheet	31/12/2007 actual €(k)	Thereof emagine business €(k)	Thereof French business €(k)	31/12/2007 adapted €(k)
Tangible assets	791	17	3	771
Trade receivables	18,723	12,101	358	6,264
Receivables from affiliated companies	6,651	–	254	6,397
Cash balance, cash at banks	16,086	7,539	62	8,485
Other provisions	6,560	1,696	79	4,785
Trade liabilities	19,151	17,951	23	1,177
Liabilities to affiliated companies and participations	4,211	–	356	3,855
Other liabilities	781	–	247	534

Income Statement	2007 actual €(k)	Thereof emagine business €(k)	Thereof French business €(k)	2007 adapted €(k)
Revenue	119,676	85,945	988	32,743
Other operating income	5,438	45	232	5,161
Cost of materials	102,452	82,693	479	19,280
Personnel expenses	17,164	1,152	1,069	14,943
Other operating expenses	8,570	824	291	7,455
Net income	2,481	1,321	-654	1,814

In the above Notes, the actual figures as of 31 December 2007 are given as previous year figures.

Changes in Fixed Assets

for the period from 1 January to 31 December 2008

GFT Technologies Aktiengesellschaft, Stuttgart

	At costs				
	As at 01/01/2008 €	Additions €	Disposals €	Transfers €	
I. Intangible assets					
1. Licences, industrial property rights and similar rights	3,472,939.43	2,815,392.63	305.00	0.00	
2. Goodwill	127,822.97	0.00	127,822.97	0.00	
	3,600,762.40	2,815,392.63	128,127.97	0.00	
II. Tangible assets					
Other equipment, office and factory equipment	7,065,140.15	567,899.28	210,912.89	0.00	
III. Financial assets					
1. Shares in affiliated companies	41,077,608.38	142,480.00	36,825.04	-4,536.44	
2. Investments	1,109,679.15	0.00	0.00	4,536.44	
	42,187,287.53	142,480.00	36,825.04	0.00	
	52,853,190.08	3,525,771.91	375,865.90	0.00	

1. Balance sheet

Non-current assets

The development of the assets is shown in the attachment on pages 114 and 115.

The acquisitions to intangible assets with €(k) 2,500 are allocated to the acquisition of licence rights in the hyparchiv and *inboxx* software of GFT *inboxx* GmbH, Hamburg, in accordance with the contract dated 29 December 2008.

Share ownership

As of 31 December 2008, the company held, directly and indirectly, shares of a minimum of 20% in the following companies:

Name	Location	Share of the capital	Equity 31/12/2008		Results for the business year	
Direct investment						
GFT Technologies (Schweiz) AG	Wallisellen, Switzerland	99%	CHF	528,004.85	CHF	376,498.29
GFT <i>inboxx</i> GmbH	Hamburg, Germany	100%	EUR	257,394.84	EUR	120,225.77
GFT Technologies GmbH	Vienna, Austria	100%	EUR	-127,914.01	EUR	-9,696.01
GFT UK Limited	London, UK	100%	EUR	1,888,860.30	EUR	1,019,002.15
GFT Iberia Solutions, S.A.	Sant Cugat del Vallés, Spain	100%	EUR	6,282,508.73	EUR	3,069,806.78
GFT Resource Management GmbH	Eschborn, Germany	100%	EUR	1,778,996.03	EUR	0.00 *
GFT Technologies SARL	Neuilly Sur Seine, France	100%	EUR	1,695,731.07	EUR	483,190.08
GFT Business Development GmbH	Eschborn, Germany	100%	EUR	16,137.77	EUR	-1,002.02
GFT Holding France SARL	Neuilly Sur Seine, France	100%	EUR	1,240.00	EUR	0.00
eQuadriga Software Private Limited (formerly GFT Technologies (India) Private Limited)	Trichy, India	30%	INR	6,823,078.00	INR	-12,825,285.00
Indirect investment						
Emagine Servicios de Consultoría e Informática. S,A,	Sant Cugat del Vallés, Spain	100%	EUR	1,842,879.70	EUR	415,190.81
GFT Brasil Consultoria Informática Ltda,	São Paulo, Brazil	100%	BRL	564,205.33	BRL	611,912.07
GFT USA INC,	New York, USA	100%	USD	-191,292.32	USD	-291,292.32
emagine gmbh	Eschborn, Germany	100%	EUR	37,563.23	EUR	2,752.93
GFT Flexwork GmbH	Berlin, Germany	100%	EUR	375,000.00	EUR	0.00 **

* There is an agreement for the shifting of profits between the GFT Resource Management GmbH (profit shifting company) and the GFT Technologies AG

** There is an agreement for the shifting of profits between the GFT Flexwork GmbH (profit shifting company) and the GFT Resource Management GmbH.

Receivables and other current assets

The receivables from affiliated companies of €(k) 11,870 (prev. year €(k) 6,651) concern trade receivables in the amount of €(k) 62 (prev. year: €(k) 108) as well as other assets in the amount of €(k) 11,808 (prev. year: €(k) 6,534). The receivables from companies with which a participating interest exists are trade receivables (€(k) 1; previous year €(k) –).

Of other current assets, an amount of €(k) 626 (prev. year €(k) 638) shows a maturity of more than a year. It concerns the receivable for payment of corporate tax income according to § 37 KStG.

Deferred tax assets

The deferred tax assets shown pertain to differences between the commercial and tax balance sheets, in the valuation of the anniversary provisions. Taxes from income and earnings for the business year 2008 include expenses from the decrease of deferred tax assets in comparison to the previous year's balance sheet date, in the amount of €(k) 55 (prev. year: revenue: €(k) 115).

Equity

As of 31 December 2008, share capital in the amount of € 26,325,946.00 exists out of 26,325.946 no-par bearer shares (unchanged as of 31 December 2007) which all grant equal rights.

At a glance, the changes in equity during business years 2008 and 2007 resulted as follows:

	Share capital €	Capital reserve €	Legal reserve €	Other retained earnings €	Balance sheet loss/income €
As at 31 December 2006	26,325,946.00	27,943,824.20	1,387.65	2,343,349.97	-27,681,058.70
Net income 2007					2,480,889.21
Withdrawals from capital reserve 2007		-25,198,781.84			25,198,781.84
Withdrawals from statutory reserve 2007			-1,387.65		1,387.65
As at 31 December 2007	26,325,946.00	2,745,042.36	0.00	2,343,349.97	0.00
Net income 2008					9,483,049.49
(Allocations to other revenue reserves 2008 pursuant to Section 58 (2) German Stock Corporation Law (AktG))				4,500,000.00	-4,500,000.00
As at 31 December 2008	26,325,946.00	2,745,042.36	0.00	6,843,349.97	4,983,049.49

The retained earnings as of 31 December 2008 contain no profit brought forward/loss brought forward from the previous year; the previous year retained earnings as of 31 December 2007 contain a loss brought forward in the amount of €(k) -27,681.

A transfer to legal reserves is inapplicable, not only because there is no transferable net income in terms of section 150 (2) of the German Stock Corporation Act, but also because the legal reserve funds pursuant to section 150 (2) of the German Stock Corporation Act already total more than 10% of the share capital, due to the high capital reserves according to section 272 (2) No. 1 of the German Commercial Code.

Authorised capital

In accordance with the resolution passed by the Annual General Meeting of 23 May 2006, the Executive Board is authorised to increase the share capital on or before 22 May 2011, with the consent of the Supervisory Board, through the issuance of new bearer shares against contributions in cash or in kind up to a total of € 10,000,000.00 on one or more occasions (Authorised Capital). The Executive Board is authorised to exclude shareholders' subscription rights with the consent of the Supervisory Board in the following cases:

- To waive subscription rights for fractional amounts;
- For capital increases against contributions in kind in order to grant shares for the purpose of acquiring companies or holdings in companies;
- In the event of a capital increase against cash contributions, provided that the issue price of the new shares is not significantly lower than the stock exchange price and provided that the proportionate amount of share capital attributable to the new shares, for which subscription rights are excluded, does not exceed ten percent of share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised;

- In the event of a capital increase for the issue of employee shares, provided that the proportionate amount of share capital attributable to the new shares, for which subscription rights are excluded, does not exceed ten percent of share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised.

The Executive Board is authorised to establish additional details for the execution of a capital increase from authorised capital with the consent of the Supervisory Board.

Under-utilised, authorised capital in the amount of € 10,000,000.00 (prev. year € 10,000,000.00) is in existence as of 31 December 2008.

Conditional capital

Conditional capital amounted to € 8,280,000.00 as of 31 December 2008 (prev. year: € 8,280,000.00)

Share capital is conditionally increased up to a nominal € 780,000.00, divided in up to 780,000 individual bearer share certificates made out to the owners (Conditional capital I/1999). This conditional capital increase serves the granting of subscription rights to members of the Executive Board and company employees, as well as to members of the executive management and employees of affiliated companies, in accordance with the resolution of the Annual General Meeting of 4 June 1999. The conditional capital increase will only be executed to the extent that holders of subscription rights utilise these rights. New shares participate in profits from the beginning of the financial year in which the exercise of subscription rights has taken place. The Executive Board is authorised to establish details on the execution of the conditional capital increase, as well as to define subscription rights with the consent of the Supervisory Board, provided this is in accordance with the resolution of the Annual General Meeting on 4 June 1999.

Pursuant to the resolution of the Annual General Meeting of 22 May 2007 the share capital is to be conditionally increased by € 7.5m by issuing up to 7,500,000 new individual bearer shares (Conditional capital II/2007). The conditional capital increase will only be carried out to the extent that

- the owners or creditors of conversion right or bonds that are appended to the convertible or option bonds to be issued by the company or by its majority holding companies by 21 May 2012 under the Annual General Meeting resolution of 22 May 2007 exercise their conversion or option rights or
- the holders or creditors of convertible bonds to be issued by the company or by its majority holding companies by 21 May 2012 under the Annual General Meeting resolution of 22 May 2007 with an obligation to exercise their right of conversion actually discharge said obligation.

New shares take part in the profit from the start of the financial year onward by coming into being through the exercising of conversion or option rights or through the fulfilment of conversion obligations. The Executive Board is empowered to set further details of share rights and further details of the execution of the contingent capital increase.

By resolution of the Annual General Meeting on 22 May 2007, the Executive Board was authorised, given Supervisory Board approval, to issue on a one-off basis or on multiple occasions up until 21 May 2012 bearer or registered convertible and/or option bonds ("bonds") with a total nominal value of up to € 100m with a maximum term of 15 years and to grant the owners or creditors of bonds, option or conversion rights in the company with a pro rata share in the share capital of up to € 7.5m in close accordance with the terms and conditions governing convertible or option bonds. The bonds may also be issued by direct or indirect majority holding companies of the company. In this case the Executive Board is authorised, given Supervisory Board approval, to accept a guarantee for the issuing majority holding company for the repayment of the bond and to grant holders of such option or conversion bonds in GFT Technologies AG in order to satisfy the rights conceded with these bonds. In certain cases, the Executive Board shall be authorised, given Supervisory Board approval, to exclude the subscription right of the shareholders to the bonds with option or conversion rights in GFT Technologies AG.

Other Provisions

	€(k)
Other provisions of considerable scope	
Employee commissions / bonuses	1,857
Anniversary obligations	825
Holiday obligations	294
Preparation of accounts and audit	240
Outstanding purchase invoices	227
Annual General Meeting / Annual Report	210
	3,653
Remaining	447
	4,100

Liabilities

The data on liabilities results from the following table:

	Remaining term		Total amount	Secured through liens and similar rights	Type and form of the securities
	up to 1 year €	more than 5 years €	31/12/2008 €	€	
Advance payments on orders	5,019,416.48 (prev. yr: €(k) 4,083)	0.00 (prev. yr: €(k) –)	5,019,416.48 (prev. yr: €(k) 4,083)		
Trade liabilities	1,061,999.99 (prev. yr: €(k) 19,151)	0.00 (prev. yr: €(k) –)	1,061,999.99 (prev. yr: €(k) 19,151)		Customary ownership reservation
Liabilities to affiliates	3,755,181.33 (prev. yr: €(k) 4,097)	0.00 (prev. yr: €(k) –)	3,755,181.33 (prev. yr: €(k) 4,097)		
Liabilities to companies with which an investment exists	71,175.42 (prev. yr: €(k) 114)	0.00 (prev. yr: €(k) –)	71,175.42 (prev. yr: €(k) 114)		
Other liabilities	665,619.53 (prev. yr: €(k) 781)	0.00 (prev. yr: €(k) –)	665,619.53 (prev. yr: €(k) 781)		
– thereof from taxes	311,449.74 (prev. yr: €(k) 372)				
– thereof within the scope of social security	0.00 (prev. yr: €(k) 130)				
	10,573,392.75 (prev. yr: €(k) 28,226)	0.00 (prev. yr: €(k) –)	10,573,392.75 (prev. yr: €(k) 28,226)		

The liabilities to affiliates concern trade liabilities (€(k) 3,293; prev. year: €(k) 1,824) and other liabilities (€(k) 462; prev. year: €(k) 2,273). The liabilities to companies with which there is an investment are the result of deliveries and services (€(k) 71; prev. year: €(k) 114).

Derivative financial instruments

On 31 December 2008, an interest-related derivative financial instrument of the "swap" type, with a nominal volume of €(k) 1,000 and a current value of €(k) -32 (prev. year: €(k) -48) to be attached, came into existence. The current value to be attached was determined using the mark-to-market valuation methods, using the end-of-day mid-market exchange rate. The derivative financial instrument was registered in the balance sheet item "Other provisions" with a book value of €(k) -32, as of 31 December 2008.

2. Income statement

Revenue

	2008 €(k)	2007 €(k)
Breakdown by fields of operation		
Consulting and development of software	27,410	26,468
Maintenance proceeds	10,452	7,239
Sale of software products	74	20
Freelance agency	–	85,945
Other revenue	–	4
	37,936	119,676
	2008 €(k)	2007 €(k)
Breakdown by regions		
Domestic	36,962	117,826
International	974	1,850
	37,936	119,676

Other operating income / Other operating expenses

Other operating income with €(k) 358 (previous year €(k) 479) contains income that is to be allocated to a different financial year; it concerns the liquidation of provisions (€(k) 242; previous year €(k) 431), income from the write-off of time-barred liabilities from over-payments by customers (€(k) 33; previous year €(k) –), income from incidental rental costs offsetting (€(k) 24; previous year €(k) 20), income from disposals of property, plant and equipment (€(k) 5; previous year €(k) 2), as well as income remaining from other periods (€(k) 54; previous year €(k) 26).

Other operating expenses with €(k) 112 (previous year €(k) 21) contain expenses that are to be allocated to a different financial year; they concern losses from the disposal of property, plant and equipment (€(k) 24; previous year €(k) 1); the write-off of supplier credits (€(k) 20; previous year €(k) –), as well as the remaining expenses from other periods (€(k) 68; previous year €(k) 20).

Depreciation

The depreciation of financial assets and marketable securities contain depreciations of financial assets of €(k) 130 (prev. year: €(k) 500) on the investment book value of GFT *inboxx* GmbH, Hamburg, pursuant to section 253 (2) No. 3 of the German Commercial Code.

III. Other Data

Contingencies

GFT AG has a commitment to its subsidiary GFT *inboxx* GmbH, Hamburg, throughout 2008, to take the necessary measures to prevent the over-indebtedness and insolvency of its subsidiary.

GFT AG has a commitment to its subsidiary GFT Technologies GmbH, Vienna, to fully pay for their debts in the case of insolvency and over-indebtedness, to the extent as this is required to eliminate over-indebtedness and insolvency.

GFT AG has a commitment to two clients of the subsidiary GFT Technologies (Switzerland) AG, Wallisellen/Switzerland so that it is able to pay its debts to its customers. These commitments concern the ability to provide services to each client.

Of the assets at the financial institutions, €(k) 250 (prev. year €(k) 250) has been mortgaged to the relevant banks for security purposes.

For the benefit of the associated companies, GFT AG provided debt guarantees to the banks to the amount of €(k) 5,028 (prev. year €(k) 5,028).

With a loan agreement dated 29 December 2008, GFT Technologies AG provided its subsidiary GFT *inboxx* GmbH, Hamburg a loan for the financing of its business operations to a maximum of €(k) 500. The loan amount can only be drawn on by GFT *inboxx* GmbH during the year 2009, always conditional on disclosure of the intended use.

For liabilities existing due to the integration of the French business premises (Paris) of GFT AG into GFT Technologies SARL, Neuilly Sur Seine, there still exists a liability of GFT AG vis-à-vis the creditors, insofar as the liabilities had not already been settled by 31 December 2008; liabilities in the amount of €(k) 626 existed at the time of the transfer.

Other financial obligations

Obligations stemming from temporary rental, leasing and licence agreements exist, as far as they are not shown in the balance sheet, totalling €(k) 5,153 (prev. year: €(k) 6,323). In addition, obligations from open-ended rental agreements in the amount of €(k) 254 per year (prev. year: €(k) 242 per year) also exist.

Data pursuant to section 160 (1) No. 8 of the German Stock Corporation Act

GFT AG received notification on 18 July 2008 from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, regarding an equity stakeholding, the text of which was as follows:

"In their communication dated 16 June 2008, pursuant to section 21 subsection 1 of the German Securities Trading Act, Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, informed us that, with effect from 13 June 2008, their voting power in our company in all portfolios fell under the 5% threshold and as of this date stands at 4.967% (1,307,706 votes). Included in this figure are the 1,297,706 votes amounting to 4.929% held by Baden-Württembergische Investmentgesellschaft mbH pursuant to section 22 subsection 1 (6) of the German Securities Trading Act. Votes are thereby ascribed to Baden-Württembergische Investmentgesellschaft mbH from the following shareholder, whose voting power amounts to 3% or more in GFT Technologies AG:

- Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Deutschland."*

GFT AG received notification on 15 July 2008 from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, regarding an equity stakeholding, the text of which was as follows:

"In their communication dated 15 July 2008, pursuant to section 21 subsection 1 of the German Securities Trading Act, Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, informed us that, with effect from 14 July 2008, their voting power in our company in all portfolios exceeded the 5% threshold and as of this date stands at 5.10% (1,342,706 votes). Included in this figure are the 1,187,706 votes amounting to 4.51% held by Baden-Württembergische Investmentgesellschaft mbH pursuant to section 22 subsection 1 (6) of the German Securities Trading Act. Votes are thereby ascribed to Baden-Württembergische Investmentgesellschaft mbH from the following shareholder, whose voting power amounts to 3% or more in GFT Technologies AG:

- Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Deutschland."*

GFT AG received notification on 16 June 2008 from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, regarding an equity stakeholding, the text of which was as follows:

"In their communication dated 16 June 2008, pursuant to section 21 subsection 1 of the German Securities Trading Act, Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, informed us that, with effect from 13 June 2008, their voting power in our company in all portfolios fell under the 5% threshold and as of this date stands at 4.98% (1,312,184 votes). Included in this figure are the 1,187,706 votes amounting to 4.51% held by Baden-Württembergische Investmentgesellschaft mbH pursuant to section 22 subsection 1 (6) of the German Securities Trading Act. Votes are thereby ascribed to Baden-Württembergische Investmentgesellschaft mbH from the following shareholder, whose voting power amounts to 3% or more in GFT Technologies AG:

- Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Deutschland."*

GFT AG received notification on 12 June 2008 from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, regarding an equity stakeholding, the text of which was as follows:

"In their communication dated 12 June 2008, pursuant to section 21 subsection 1 of the German Securities Trading Act, Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, informed us that, with effect from 11 June 2008, their voting power in our company in all portfolios reached the 5% threshold and as of this date stands at 5.00% (1,317,184 votes). Included in this figure are the 1,187,706 votes amounting to 4.51% held by Baden-Württembergische Investmentgesellschaft mbH pursuant to section 22 subsection 1 (6) of the German Securities Trading Act. Votes are thereby ascribed to Baden-Württembergische Investmentgesellschaft mbH from the following shareholder, whose voting power amounts to 3% or more in GFT Technologies AG:

- Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Deutschland."*

GFT AG received notification on 19 September 2007 from AvW Group AG, Krumpendorf, Austria, regarding an equity stakeholding, the text of which was as follows:

"AvW Group AG, Krumpendorf, Austria, disclosed in a letter dated 19 September 2007 in line with section 21 (1) of the Securities Trading Act (WpHG) that its voting equity stake in our company exceeded the 5% threshold for voting rights on 17/09/2007, totalling 5.0127% on this date (number of shares disclosed: 1,319,641)."

Also, in a letter dated 19/09/2007 from AvW Beteiligungsverwaltung GmbH (Vienna, Austria), Dr. Wolfgang Auer von Welsbach (Austria) and the Auer von Welsbach Privatstiftung (Vienna, Austria) were informed that shareholdings of the aforementioned individuals/legal entities in our company had exceeded the 5% threshold for voting rights on 17/09/2007 by means of shareholdings in AvW Gruppe AG, totalling 5.0127% on this date (number of shares disclosed: 1,319,641). This voting contingent accrues to the respective individuals/legal entities above pursuant to section 22 (1), sentence 1, no. 1 of the Securities Trading Act (WpHG). In addition, the following shareholdings were also disclosed:

"AvW Beteiligungsverwaltung GmbH (FN 204069 b) holds a 100% stake in AvW Gruppe AG. The Auer von Welsbach Privatstiftung (private foundation – FN 171457 v) is the sole shareholder of AvW Beteiligungsverwaltung GmbH. Dr. Auer von Welsbach, founder of the Auer von Welsbach Privatstiftung, has sole right to amend the foundation deed of the Auer von Welsbach Privatstiftung."

GFT AG received notification on 10 September 2007 from AvW Gruppe AG, Krumpendorf, Austria, regarding an equity stakeholding, the text of which was as follows:

"KST Beteiligungs Aktiengesellschaft with its registered office in Stuttgart, Germany, disclosed in a letter dated 25 June 2007 pursuant to section 21 (1) of the Securities Trading Act that its voting stake in GFT Technologies AG fell below the 5% and 3% thresholds as of 20/06/2007, and now totalled 2.53% (equivalent to 666,300 votes)."

On 3 April 2002, GFT AG was informed through Mr. Ulrich Dietz and Mrs. Maria Dietz, of St. Georgen, of the existence of an equity interest, the content of which was made public as follows:

"Mr. Ulrich Dietz, domiciled in St. Georgen, informed us on 3 April 2002, pursuant to section 41 (2) No. 1 of the German Securities Trading Act, that 29.94% of the voting rights in GFT Technologies AG are imputable to him as of 1 April 2002. Mrs. Maria Dietz, domiciled in St. Georgen, informed us on 3 April 2002, pursuant to section 41 (2) No. 1 of the German Securities Trading Act, that 9.67% of the voting rights in GFT Technologies AG are imputable to her as of 1 April 2002."

Issuance of the Statement on the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act

On 15 December 2008, the Executive Board and the Supervisory Board issued the updated Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act, and made it available to all shareholders on the Company's website as at 17 December 2008.

Honorarium for the Balance Sheet Auditor

The honorarium expense determined for the balance sheet auditor for the business year 2008 amounted to:

	€(k)
The auditing of financial statements	157
Other ratification or valuation services	61
Other services	32
	250

Board of Directors

Executive Board

Mr. Ulrich Dietz, Chairman of the Executive of the Board (Chief Executive Officer), responsible for the segments *Resourcing* and *Software* as well as for the corporate functions Marketing, Communications and Investor Relations

Supervisory Board seats:

GFT Iberia Solutions, S.A., Sant Cugat del Vallés, Spain (Chairman)

Sparkasse Schwarzwald-Baar (Advisory Board)

further memberships in comparable controlling bodies:

Deutsche Bank AG, Stuttgart (Advisory Committee)

Mrs. Marika Lulay, Member of the Executive Board (Chief Operating Officer), responsible for the segment *Services* as well as for the corporate functions Technology and Quality Management

Supervisory Board seats:

GFT Iberia Solutions, S.A., Sant Cugat del Vallés, Spain (Assistant Chairman)

GFT Technologies (Schweiz) AG, Wallisellen, Switzerland (Advisory Board)

GFT UK Limited, London (Member of the Board)

GFT Technologies (India) Private Limited, Trichy, India (Member of the Board; until February 2008)

Dr. Jochen Ruetz, Member of the Executive Board (Chief Financial Officer), responsible for the corporate functions Finance, Controlling, Human Resources, Internal Revision, Legal and Internal IT

Supervisory Board seats:

G. Elsinghorst Handelsgesellschaft mbH, Bocholt, Germany

GFT Iberia Solutions, S.A., Sant Cugat del Vallés, Spain

Supervisory Board

Mr. Franz Niedermaier, former CEO Oracle Deutschland GmbH, Chairman

further Supervisory Board seats:

SECARON AG, Munich (Assistant Chairman)

Intrafind Software AG, Munich (Chairman)

Dr. Peter Opitz, lawyer, Assistant Chairman

Prof. Dr. Gerhard Barth, Associated partner at Atreus GmbH, Bad Homburg, Germany (former Boyden Interim Management Bersch, Lange & Partner Gesellschaft für Organisationsentwicklung mbH, Bad Homburg, Germany)

Dr. Thorsten Demel, Chief Operating Officer, Managing Director Global Technology & Operations, Deutsche Bank AG
further Supervisory Board seats:
Pago eTransaction GmbH, Cologne, Germany

Dr. Simon Kischkel, Project Director GFT Technologies AG, Stuttgart (employee)

Mr. Andreas Bernhardt, owner of the individual enterprise Executive Advice, Erdmannhausen; Associate at Broadband United GmbH, Regensburg, Germany; Associated Partner at Atreus GmbH, Bad Homburg (former Boyden Interim Management Bersch, Lange & Partner Gesellschaft für Organisationsentwicklung mbH, Bad Homburg)

Total remuneration for the Executive Board for the 2008 fiscal year amounted to €(k) 1,242 (prev. year: €(k) 1,658). It is exclusively due in the short term as defined by IAS 24. Pursuant to the resolution of the Annual General Meeting of 23 May 2006, GFT AG utilizes the regulation of Section 286 (5) German Commercial Code (HGB), and does not disclose the remuneration of individual Executive Board members.

Total remunerations for the Supervisory Board for the 2008 financial year amounted to €(k) 83 (prev. year: €(k) 83).

Pension provisions in the amount of €(k) 83 (previous year €(k) 78) have been constituted for former members of the management of one of the companies merged into GFT AG.

Employees

During the financial year 2008, an average of 194 workers (previous year: 193) were employed.

Consolidated Financial Statement

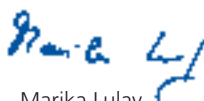
As the parent company, GFT AG prepares a consolidated financial statement for the GFT Group, pursuant to section 315a of the German Commercial Code.

Stuttgart, 2 March 2008

GFT Technologies Aktiengesellschaft
Executive Board



Ulrich Dietz
Executive Board (Chairman)



Marika Lulay
Executive Board



Dr. Jochen Ruetz
Executive Board

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of GFT Technologies AG, and the Management Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Stuttgart, 6 March 2009



Ulrich Dietz
Executive Board (Chairman)



Marika Lulay
Executive Board



Dr. Jochen Ruetz
Executive Board

Auditor's Report

We have audited the annual financial statement – comprising the balance sheet, profit and loss account and appendix – including the bookkeeping system, the summarised Management Report and Group Management Report for GFT Technologies Aktiengesellschaft, Stuttgart, for the financial year starting 1 January 2008 and ending 31 December 2008. The bookkeeping system as well as the summarised management report and Group management report according to the German Commercial Code are the responsibility of the company's legal representatives. It is our responsibility to express an opinion, based on our audit, of the Annual Financial Statement including the bookkeeping system, and of the summarised Management Report and Group Management Report.

We conducted our audit of the Annual Financial Statements in accordance with Article 317 HGB (German Commercial Code) and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit such that misstatements materially affecting the presentation of net assets, financial position and earnings situation in the annual financial statements in accordance with German principles of proper accounting and in the summarised management report and Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations of possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the bookkeeping system, the annual financial statements and the summarised management report and Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles applied and significant estimates made by the legal representatives as well as evaluating the overall presentation of the annual financial statements, the summarised management report and Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements provide a true and fair view of the company's net asset, financial position and earnings situation which is in keeping with the legal prescriptions and complies with the principles of proper accounting. The summarised Management Report and Group Management Report agree with the annual financial statements and as a whole provide a suitable view of the company's position and accurately present the opportunities and risks of future development.

Stuttgart, 6 March 2009
Grant Thornton GmbH
Wirtschaftsprüfungsgesellschaft

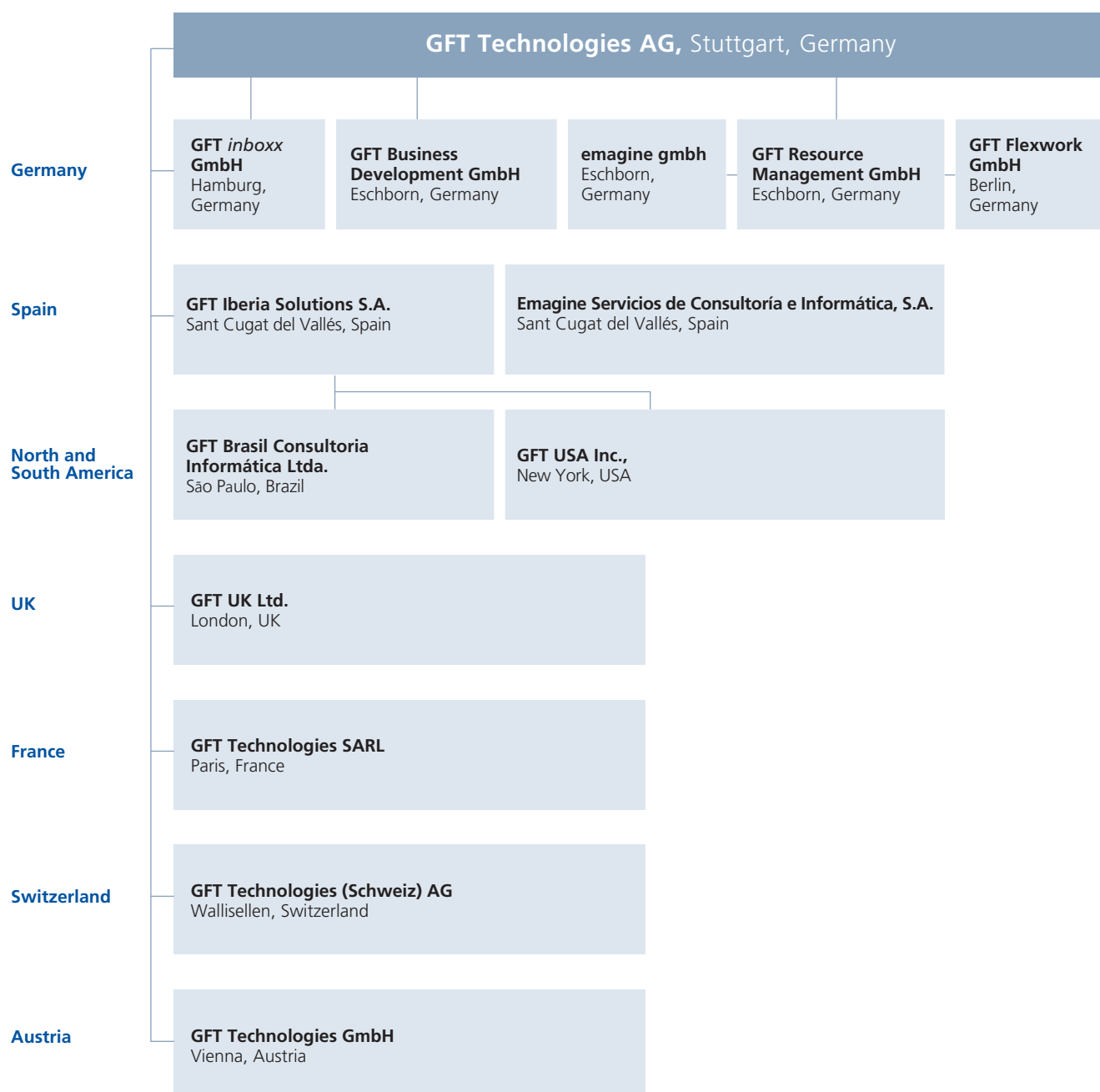


Herrmann-Josef Schulze Osthoff
Auditor



Jürgen Scheftschik
Auditor

GFT Group Structure



Locations

Brazil

São Paulo

GFT Brasil Consultoria Informatica Ltda.
Alameda Rio Negro, núm. 585
Ed. Jaçari, 1 andar, CJ 18
06.454-000 Alphaville – Barueri (SP)
Brazil

Sorocaba

GFT Brasil Consultoria Informatica Ltda.
Av. São Francisco, 98
Santa Rosália
18.095-450 Sorocaba (SP)
Brazil

Germany

Berlin

GFT Technologies AG
GFT Resource Management GmbH
GFT inboxx GmbH
Hackescher Markt 2-3
10178 Berlin
Germany
T +49 30 2091 651-0
F +49 30 2091 651-19

Bonn

GFT Technologies AG
Joseph-Schumpeter-Allee 1
53227 Bonn
Germany
T +49 228 2071-0
F +49 228 2071-3508

Dortmund

GFT inboxx GmbH
Joseph-von-Fraunhofer-Str. 20
44227 Dortmund
Germany
T +49 231 9700-0

Dusseldorf

GFT Resource Management GmbH
Lindemannstr. 75
40237 Dusseldorf
Germany
T +49 211 863-2660
F +49 211 863-6611

Eschborn/Frankfurt

GFT Technologies AG
GFT Resource Management GmbH
GFT inboxx GmbH
GFT Flexwork GmbH
emagine gmbh
Mergenthalerallee 55
65760 Eschborn
Germany
T +49 6196 969-0
F +49 6196 969-1001

Hamburg

GFT inboxx GmbH
GFT Technologies AG
GFT Resource Management GmbH
Brooktorkai 1
20457 Hamburg
T +49 40 35550-0
F +49 40 35550-270

Munich

GFT Resource Management GmbH
GFT Flexwork GmbH
Bavariaring 9
80336 Munich
Germany
T +49 89 340819-0
F +49 89 340819-20

St. Georgen

GFT Technologies AG
GFT inboxx GmbH
Leopoldstraße 1
78112 St. Georgen
T +49 7724 9411-0
F +49 7724 9411-94

Stuttgart

GFT Technologies AG
GFT Resource Management GmbH
GFT inboxx GmbH
Filderhauptstraße 142
70599 Stuttgart
Germany
T +49 711 62042-0
F +49 711 62042-101

France

Paris

GFT Technologies SARL
GFT Technologies AG
Immeuble Blaise Pascal
12, rue Blaise Pascal
92200 Neuilly sur Seine
France
T +33 1 4192-5660
F +33 1 4192-5679

UK

London

GFT UK Limited
Cheapside House
138 Cheapside
London, EC2V 6BJ
UK
T +44 20 7397-4220
F +44 20 7626-1232

Austria

Vienna

GFT Technologies GmbH
Auhofstraße 1/ 10
1130 Wien
Austria

Switzerland

Basel

GFT Technologies (Schweiz) AG
Holbeinstrasse 16
4051 Basel
Switzerland
T +41 61 20565 65
F +41 61 20565 66

Wallisellen/Zurich

GFT Technologies (Schweiz) AG
Neugutstrasse 60
8304 Wallisellen
Switzerland
T +41 44 87816-00
F +41 44 87816-01

Spain

Madrid

GFT Iberia Solutions S.A.
emagine Servicios de Consultoría e Informática, S.A.
C/ Caleruega, 81, 5º A
28033 Madrid
Spain
T +34 91 781-4880
F +34 91 781-4899

Barcelona

GFT Iberia Solutions, S.A.
emagine Servicios de Consultoría e Informática, S.A.
Parc d' Activitats Econòmiques Can Sant Joan
Av. de la Generalitat, 163-167
08174 Sant Cugat del Vallès
Barcelona
Spain
T +34 93 5659-100
F +34 93 5659-128

Valencia

GFT Iberia Solutions S.A.
emagine Servicios de Consultoría e Informática, S.A.
Av. Barón de Cárcer, 48
Planta 2
46001 Valencia
Spain
T +34 96 310-2400
F +34 96 310-2410

Zaragoza

GFT Iberia Solutions S.A.
emagine Servicios de Consultoría e Informática, S.A.
C/ Manifestación 38
Plantas 1-2-3
50003 Zaragoza
Spain
T +34 97 67636-00
F +34 97 67636-10

USA

New York

GFT New York
14 Wall Street, 20th floor
New York, NY 10005
USA
T +1 212 618-1230
F +1 212618-1705

Financial Calendar

Dates

Preliminary annual results for the financial year 2008	2 March 2009
Annual Report 2008	26 March 2009
Interim Report as at 31 March 2009	14 May 2009
Annual General Meeting	9 June 2009
Interim Report as at 30 June 2009	13 August 2009
Interim Report as at 30 September 2009	5 November 2009

Imprint

Concept: GFT Technologies AG, Stuttgart, www.gft.com
Text: GFT Technologies AG, Stuttgart, www.gft.com
candid communications, Augsburg, www.candid-com.com
Creative concept
and design: IR-One AG & Co., Hamburg, www.ir-1.de
Photography: Rüdiger Nehmzow, Berlin, www.nehmzow.de

© Copyright 2009: GFT Technologies AG, Stuttgart

Further information

Write to us or call us if you have any questions. Our Investor Relations Team will be happy to answer them for you.
Or visit our website at www.gft.com/ir. There you can find further information on our company and the GFT share.

GFT Technologies AG

Investor Relations
Andrea Wlcek
Filderhauptstr. 142
70599 Stuttgart
Germany

T +49 711 62042-440
F +49 711 62042-301
ir@gft.com

The Annual Report 2008 is also available in German. The online versions of the German and English Reports are available on www.gft.com/ir.

GFT Technologies AG

Filderhauptstraße 142
70599 Stuttgart
Germany

T +49 711 62042-0
F +49 711 62042-101

info@gft.com
www.gft.com