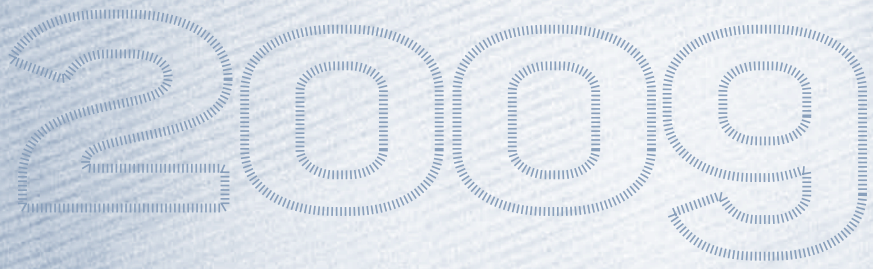
GFT

ANNUAL REPORT



A strong IT partner.

competent. experienced. international.

PERFORMANCE

	2009	2008
Revenue (€ million)	**216.81**	236.62
Earnings before taxes (€ million)	**7.86**	9.62
Net income (€ million)	**4.74**	6.02
Earnings per share (€)	**0.23**	0.30
Equity ratio (%)	**58**	56
Number of employees	**1,144**	1,027

Services >

Resourcing >

Software >

Strategic IT partner for companies around the world

GFT's tailored IT solutions help companies sharpen their competitive edge. Technology and innovations are our passion, reliable implementation our strength. We know the industries of our clients. Our global network of IT experts means we always provide the right service at the right location.

In 2009 this combination of technological expertise, sector experience and our Global Delivery Model proved invaluable. We seized the opportunities offered by a challenging market environment. Around the world, GFT's IT solutions helped companies save costs, implement legal requirements and tap additional business potential with the aid of our innovations.

FINANCIAL CALENDAR

Preliminary annual results for the financial year 2009
1 March 2010

Annual Report 2009
30 March 2010

Interim Report as of 31 March 2010
11 May 2010

Annual General Meeting
20 May 2010

Interim Report as of 30 June 2010
11 August 2010

Interim Report as of 30 September 2010
10 November 2010

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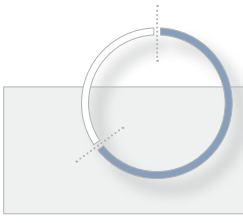
Key figures ..... *inside back cover*

GLOBAL NETWORK

Our IT specialists are to be found wherever our clients need them. Our network of international development centres and local sales offices enables us to deliver the right IT expertise around the world.

→ I **THE GFT GROUP** *is represented by 19 offices in 7 nations. Our IT solutions are used in more than 30 countries.*

Revenue by region



Germany	65%
Abroad	35%

Revenue by segment

Resourcing	58%
Services	42%

As an international IT company, the GFT Group shapes and optimises the business processes of its clients with best-fit IT expertise and IT solutions.

		2009	2008
Revenue	€m	91.35	90.94
Segment result	€m	6.21	7.60
Employees		980	828

		2009	2008
Revenue	€m	125.45	145.68
Segment result	€m	2.75	3.03
Employees		80	104

		2009	2008
Revenue	€m	4.62	5.62
Segment result	€m	-1.00	-3.09
Employees		48	58

SERVICES

We design and deliver tailored, innovative IT solutions focussing mainly on the financial sector – combining a wealth of experience in projects and technologies with extensive industry expertise.

RESOURCING

We provide fast and flexible sourcing of ideally suited and highly skilled IT specialists for companies in all sectors (Resource Management) and can also handle the complete management of external IT service providers on behalf of our clients (Third Party Management).

SOFTWARE

Digital archiving solutions, comprehensive and safe: based on the Unified Archiving approach, we create the basis for centralised document management systems comprising all relevant company data.

Letter from the CEO

Safely through troubled times

The GFT Group can look back on an eventful 2009. Our financial year began amid a succession of negative forecasts for the global economy, while uncertainty dominated virtually every industry and market. This was reflected in the demand behaviour of our clients. The long-awaited turnaround finally came in the second half of the year: for the first time, the market mood began to brighten a little. We were able to swiftly and effectively utilise the opportunities which now presented themselves.

Our strong and flexible positioning helped us make up lost ground in the last six months and finish the year with a dynamic sprint. As expected, however, at around €217 million the GFT Group's consolidated revenue failed to match the previous year's figure. With considerable pressure on prices and weak demand, earnings before taxes were also down on the previous year at just under €8 million. All in all, however, we are still satisfied with the development of business in 2009 and proud of how well we fared in a year that presented such formidable economic challenges.

Equipped with courage, optimism and faith in our own abilities, we faced up to the challenges of a highly hostile market environment. Thanks to our technological expertise, extensive sector experience and Global Delivery Model, we were able to enhance our global standing in 2009 as a strategic IT partner for major corporations.

Against the backdrop of a highly unsettled financial sector, our *Services* division made encouraging progress. The segment benefited from our long-standing and stable customer relationships and succeeded in raising revenue compared to the previous year. There was growing demand over the course of the year for outsourcing services which enable our clients to create more flexible cost structures. At the end of the year, we succeeded in concluding a multi-year contract for the development and maintenance of IT applications in Spain. This positive development makes us very optimistic for the future. We see great potential in the coming years for the innovative and flexible IT solutions which our *Services* segment offers.

Further dividend payment

The cyclical decline in demand for freelance IT specialists was felt by our *Resourcing* division in 2009. Cost-cutting measures taken by our clients in all sectors left their mark on segment revenue. However, we believe that demand will pick up again in tandem with the economic recovery. The sourcing of IT specialists and engineers will remain a global market with tremendous growth opportunities.

Despite heavy investment over the past few years and the outstanding commitment of our staff, the *Software* division was unable to make satisfactory progress in 2009. Disappointing licence sales led to a further decline in revenue. With the aid of cost cuts, we were able to improve cost structures during the course of the year – helping us significantly reduce losses compared to the previous year and thus stabilise the segment. However, as the structure of the software business no longer fits to the GFT Group's portfolio of services, we plan to sell the *Software* division.

In order to meet the requirements of a challenging market environment, we intensified sales activities throughout the Group, realigned our portfolio of solutions and strictly implemented our corporate strategy in 2009.

Our healthy liquidity and stable balance sheet structure enable us to continue the dividend policy we started in financial year 2008. The aim is to keep dividends constant over the coming years. For the financial year 2009 we therefore once again propose to pay a dividend of €0.10 per share.

Sustainable growth course

GFT coped with the global economic crisis much better than many of its competitors. This view was shared by the capital markets: the GFT share outperformed all major indices over the past year.

Although the challenges will remain substantial in 2010, we feel we are well prepared. We will grasp the opportunities which present themselves in our business divisions and fully exploit the growth potential offered by synergies. We are convinced that we can carry the positive momentum of late 2009 into the new year.

Since the end of 2009, there are signs that the economy – and of particular importance to us, the financial sector – is gradually returning to stability. The GFT Group is well positioned in the most important growth markets and will use its innovative solutions to address topics which will be of even greater significance in future. These include IT systems for regulatory compliance or new applications which enable banking processes on mobile user devices.

GFT will continue to aim for sustainable growth in future. We will channel all our energy and passion into pursuing this goal once again in 2010. In the current financial year, we expect to reach total revenue of €230 million and earnings before taxes of between €8 and €9 million. This will require outstanding efforts from our international team once again in 2010.

On behalf of the Executive Board, I would like to thank our employees for their commitment and flexibility in the past financial year. I would also like to thank you, dear shareholders, for your continued trust and invite you to accompany us on our path to future growth.

The GFT Group will remain a strong and competent partner with extensive IT expertise and intelligent IT solutions which create a decisive added value for our clients.

Yours sincerely,

Ulrich Dietz
Chairman of the Executive Board

Ulrich Dietz

Recognising and utilising pioneering trends: Ulrich Dietz understands how to translate technological developments into successful business models for our clients. The engineering graduate founded GFT in 1987 and has steadily built up the company's international operations. As Chairman of the Executive Board (CEO), he is responsible for the *Resourcing* and *Software* business divisions, as well as for the corporate divisions Marketing, Media and Investor Relations.

Marika Lulay

Best-fit IT solutions of outstanding quality: Marika Lulay knows the markets of our clients exactly – as well as their specific needs. As Chief Operating Officer (COO) the computer sciences graduate has been responsible for the *Services* business division since 2002, as well as for the corporate divisions Technology and Quality Management. Together with her team, she creates and optimises company-specific IT solutions in a targeted and sustainable approach.

Dr. Jochen Ruetz

Enhancing efficiency with standardised processes: with the aid of systematic project controlling and meaningful performance indicators, Dr. Jochen Ruetz has been ensuring absolute transparency since 2003. His goal is the optimum organisation of internal processes and the swiftest possible exploitation of synergy effects. As Chief Financial Officer (CFO), the doctor of business administration is responsible for the corporate divisions Finance, HR, Internal Audit, Legal Affairs, Purchase and Internal IT.

Broad technological expertise

GFT's success as an international IT consulting and services company is based on its passion for technology and innovative strength.

Sustainable solutions based on mature technologies

Our claim is to be the preferred strategic IT partner of our clients. GFT employs experts and solutions which are compelling on every level. Our applications are based on cutting-edge technologies which are utilised according to the requirements of our clients. In view of the extremely short innovation cycles of the IT sector, our employees are constantly learning about the latest trends and understand how to apply new technologies in the best possible way. We attach great importance to individual, customised solutions. What we strive for most of all? To provide our clients with sustainable solutions which give them a significant edge over their global competitors.

Centre of technological expertise transfers know-how to client projects

GFT's centre of technological expertise systematically analyses the latest trends, evaluates new technologies and tests them in realistic scenarios. Only when a technology has passed our internal test processes and proven sufficiently mature will we recommend it to our clients. If the decision for a specific technology has been made, we use it to develop tailored solutions and implement them into the client's existing IT environment. The centre of expertise is also responsible for quality management and ensures that software modules can be used again later. Further functions include the definition of GFT's own IT strategy, the development of internal applications and the provision of the necessary infrastructure.

In order to benefit from the latest scientific discoveries, we cultivate partnerships with innovative companies and academic research establishments – such as the Fraunhofer Institute for Software and Systems Engineering (ISST) in Berlin and the Technical University of Munich.

2 billion

transactions per year – annual growth + 25%

GFT's IT systems help banks cope with the growing use of online banking.

Evaluation and renewal of core banking systems

In view of the growing requirements which financial institutes face in the current market environment, it is becoming increasingly important for them to modernise their core banking systems. The costs involved with maintaining and developing old systems are often extremely high. The sector's ongoing industrialisation and the changing requirements brought about by mergers and regulatory compliance are leading financial institutes to take the step towards more agile platforms. Such highly complex projects require extensive know-how of both old and modern systems. Our experts are at home in both technological worlds. We have already gained substantial expertise in the selection, planning and implementation of established core banking systems during numerous projects.

Pioneering recommendations on cloud computing and Web 2.0

More and more companies are now using cloud computing and software as a service (SaaS). They no longer operate their own IT infrastructures, platforms and software, but purchase the necessary computing time and storage capacities. We advise clients on how to benefit from this trend while avoiding the inherent risks for data protection, data security and liability.

With functions that pave the way for social interaction and collaboration via the Internet, the significance of Web 2.0 will continue to grow. State-of-the-art technologies enable more flexible web interfaces which can offer added value within online networks, for example by means of associated, context-based information. GFT uses these technologies to develop customised solutions for financial institutes.

→ | **GFT'S CENTRE OF EXPERTISE AND DEVELOPMENT** *in Sant Cugat (Barcelona) analyses and validates the latest technologies.*

Nationaler IT Gipfel Stuttgart 2009

As a member of the working group »IuK im Mittelstand« (Information and Communication Technology in SMEs) of the German government's National IT Summit, GFT provided key impulses and specific recommendations with regard to our digital future. Leading representatives from politics, the IT industry, business and science met for the fourth time on 8 December 2009 in Stuttgart to discuss the future of Germany as a location for technology companies.

Specialised expert teams for SAP and Mobile Banking

We assemble specialist teams dedicated to those topics which our experts believe have the greatest significance. Our centre of SAP expertise helps place SAP experts to provide advice and support with the implementation of SAP applications or for system adaptations. Over 150 of our freelance SAP experts are permanently involved in long- and short-term projects.

In 2009, GFT established a centre of expertise for the development of Mobile Banking applications which specialises in the growing and highly heterogeneous market for mobile end-user devices as a channel for financial services. The main focus is on the development of IT applications which enable banking transactions, as well as cash withdrawals and payments via mobile phones or smartphones.

Extensive sector experience

Thanks to its wealth of experience in the handling of highly complex projects and its close partnerships with financial institutes, GFT knows exactly the requirements of this sector – which also benefits companies in related sectors.

IT as business-critical innovation driver for a sector in transition

IT has become a decisive factor for the competitiveness of banks and will determine the future survival of individual institutes. Irrespective of the financial market crisis, therefore, banks continue to make targeted investments in IT services. Against the backdrop of M&A activity and regulatory compliance, banks are focusing on strategic projects which cannot be delayed. Demand is strong for flexible IT architectures and core banking systems which reward investments with low operating and adaptation costs. With its range of outsourcing solutions, GFT helps banks achieve more flexible cost structures – enabling them to steer through challenging economic phases.

Growing demand for Mobile Banking solutions

As markets slowly return to stability, we ensure that our clients are well equipped to react swiftly and seize new growth opportunities. Many financial institutes are being forced to streamline their customer management and to consider innovative new technologies. Banks must address the trend towards the mobilisation of business processes. The advent of new smartphones presents banks with the opportunity to develop new forms of customer retention. As an IT and sector specialist, we advise financial institutes on how to develop business models for mobile phones, and then turn these ideas into pioneering IT solutions.

mobile banking
outsourcing
compliance

GFT develops tailored value-creating IT solutions for its clients in the financial sector.

The right IT to deal with risks and mergers

The financial market crisis triggered a wave of mergers and acquisitions in the banking sector. The success of these transactions hinges on the ability of companies to integrate varying IT systems and redundant organisational units and processes. Numerous projects have given GFT a wealth of experience in the field of integration, resulting in the development of a specific methodology for merging IT systems. In the wake of the financial market crisis, risk management has also become much more important for the banking sector. IT-supported early warning systems which can reliably indicate credit, market and operating risks have become essential. GFT helps banks to establish risk management solutions which are aligned with their strategy, their risk guidelines and their corporate goals.

One of Europe's largest centres of IT excellence for banking

Leading financial service providers around the world trust GFT as an experienced IT partner: they have come to rely on our tried-and-trusted combination of market know-how, professional expertise and innovative strength and can benefit from the cost advantages which our development centres in Spain and Brazil offer. In Spain, GFT operates one of Europe's largest centres of IT excellence for the banking sector. Over 800 IT specialists and banking experts with experience in the private and corporate customer segment, as well as in investment banking, support the ongoing industrialisation of the finance sector with modern technologies. They optimise processes by employing efficient core banking systems while at the same time reducing back office costs. They also enhance value added by making existing and new sales channels more customer- and performance-oriented.

GFT opens up additional business potential for a banking client via online services.

200 million

customer contacts per year

For the second time running, GFT was among the top 50 of the world's 100 best IT providers for the financial services sector in 2009. We came 44th in the latest FinTech Ranking, drawn up annually by market researchers IDC Financial Insights and the US financial magazines American Banker and Bank Technology News.

Expansion of sector expertise in Spain

In late 2009, our Spanish subsidiary assumed maintenance and development responsibility for the major share of Deutsche Bank's IT systems in Spain. This includes applications for the processing of payment transactions, online banking, credit card management and securities trading. The contract was signed in late 2009 and is worth around €80 million over a period of seven years.

Global Delivery Model

Our international network of IT specialists ensures that we always provide our clients with the right service at the right location while meeting their high requirements with regard to quality, cost and time.

Tailored combination of locations and specialists

Whether conducting IT projects or recruiting IT specialists for clients – with its international network GFT is capable of quickly mobilising the necessary resources wherever they are needed. Which particular locations and specialists are used depends on the individual needs and expectations of each customer. Whether services and software are required as quickly or as cheaply as possible, or the task is particularly complex, GFT always assembles the best-fit team.

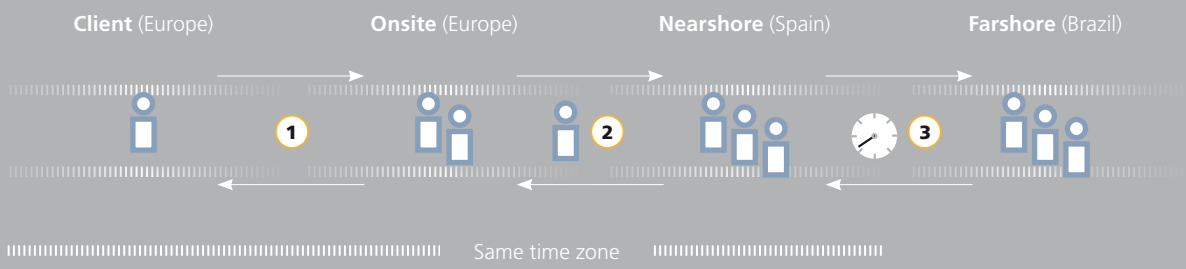
GFT is represented by 19 offices in 7 nations – in the core markets of Europe, as well as in North and South America. Our IT solutions are used in more than 30 countries. Around 1,100 GFT employees from 30 nations and 1,300 freelance IT specialists are to be found wherever our clients need them.

→ | **WITH OVER 800**
IT specialists and banking experts, GFT operates one of Europe's largest IT Banking Competence Centres in Spain.

GFT lives its cross-cultural competencies

Mutual understanding is the prerequisite for such intercultural and interdisciplinary cooperation. We therefore train our employees in cross-cultural communication before they embark on their first international projects – heightening their sensitivity to specific cultural traits right from the start. Around one quarter of our employees are assigned to permanently mixed teams which travel to various locations and thereby multiply the expertise, culture and values of our company. A standard group-wide career and role model smoothes communication and coordination between staff and enables their flexible use in diverse national teams.

Our Global Delivery Model



1. *The client is supported locally by an onsite project team and benefits from fast communication and reaction times.*
2. *Project leaders and analysts regularly visit the client's offices – they establish the connection to our nearshore and farshore development teams.*
3. *Cooperation between the nearshore and farshore teams offers cost benefits and time savings due to the varying time zones.*

Spain and Brazil preferred locations for business process outsourcing

Companies which outsource IT tasks to GFT which they previously performed themselves benefit from our international network of onsite, nearshore and offshore development centres. In the global competition for the preferred locations for such activities, Spain and Brazil have established themselves as leading contenders. This strong alliance has also proven successful for GFT. The benefits: we can tap into a huge pool of highly skilled specialists who communicate without linguistic barriers in English. With an average time difference of four hours to Europe, fast co-ordination and reaction times are guaranteed.

Quality ensured by standardised processes

The success of complex outsourcing projects depends first and foremost on the quality of the services rendered. Many companies learned the hard way that supposed cost benefits, e.g. in Asia, can soon be offset by high communication and coordination expenses. Thanks to GFT's standard methodology, we ensure the same high level of quality, efficiency and seamless co-operation across all locations and nations. As a result, we also meet Capability Maturity Model Integration (CMMI®) requirements, an internationally recognised procedure model for software and system development.

Award for junior staff development

For the development of our junior staff, we cooperate with three highly acclaimed educational institutions: the German Steinbeis Business Academy, the Spanish IESE Business School and the Brazilian Universidade de Sorocaba. This enables us to offer staff an international masters degree at any of GFT's 19 locations. The opportunity to spend time abroad, gain hands-on experience and receive personalised tutoring makes the course particularly appealing to young people. Graduates continue to receive support from experienced managers even after their studies as part of our mentor programme. GFT was honoured for its efforts in autumn 2009 when it was chosen as a »Selected Landmark« in Germany's »Land of Ideas« initiative.

36,000 working hours in less than 12 months

Efficient division of labour enabled up to 50 GFT experts at 6 locations to overhaul the online banking system of one of Europe's largest banks in record time.

Broad technological expertise

2 billion

Extensive sector experience

200 million

Global Delivery Model

>60,000

GFT: Strategic IT partner for companies around the world

The following project in 2009 illustrates how one of Europe's largest banks benefits from our unique positioning: with 50 experts at six locations in three different nations, GFT succeeded in developing and implementing a new IT architecture for online banking. The project was completed in record time: 60,000 working hours in less than 12 months. The highly complex application can process over 2 billion transactions per year, and with 200 million customer contacts opens up additional business potential for our client.

Sustainable growth for GFT

The strategy of the GFT Group is geared towards sustainable growth: our aim is to generate annual double-digit growth and to continually enhance profitability. We want to achieve this by growing organically and by acquiring carefully selected, small to mid-sized companies which complement and strengthen our competences and client base.

Best-fit solutions for our clients

As an independent supplier of IT services, we focus on providing clients with best-fit solutions of the highest quality. Our portfolio of services spans the entire IT value chain: from IT-related business consulting, application development and support, to the assumption of complete IT departments as an outsourcing partner. If clients need just a few IT specialists for their projects, we can also quickly place the best-fit freelance IT experts or project teams.

GFT as strategic IT partner

We aim to be a strategic IT partner for our clients. This not only requires extensive technological expertise, but also a deep understanding of customer needs in their respective markets. We early anticipate market and technology trends and integrate them into company-relevant solutions. Our technological expertise is also the decisive difference when it comes to placing freelance IT experts. It enables us to correctly assess the skills of IT specialists and select them according to the client's specifications.

Our size and many years of experience enable us to successfully and reliably conduct IT projects of varying scale. Thanks to our Global Delivery Model, clients can benefit from the respective strengths of our development locations.

Continual development

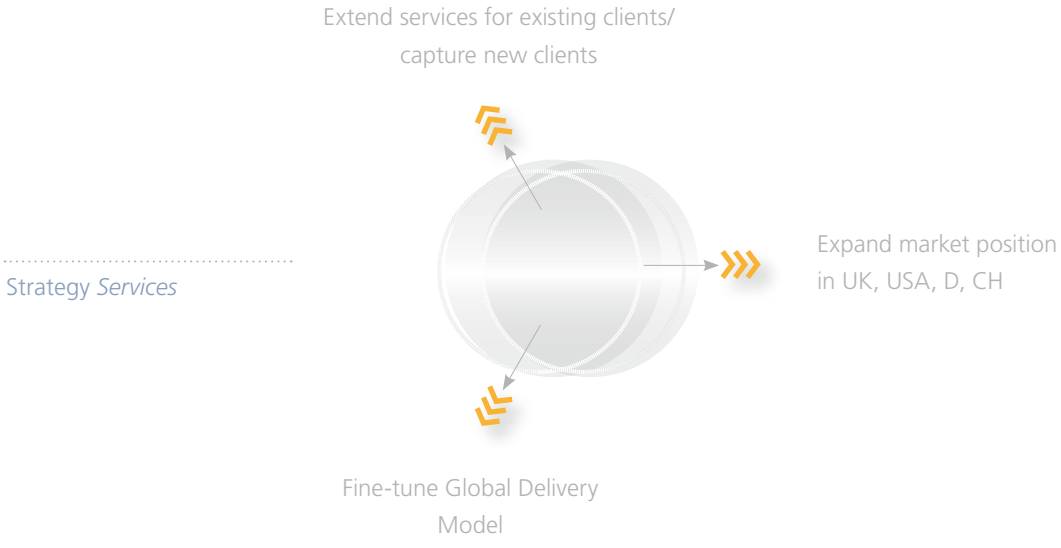
In order to realise our objectives, the strategies of each division are tailored to the respective services provided. Specific initiatives are undertaken to position our skills and services, develop selected markets and optimise the structure of our organisation. We are also taking steps to dovetail our *Services* and *Resourcing* segments more closely in order to tap greater synergies and leverage even more value for our clients.

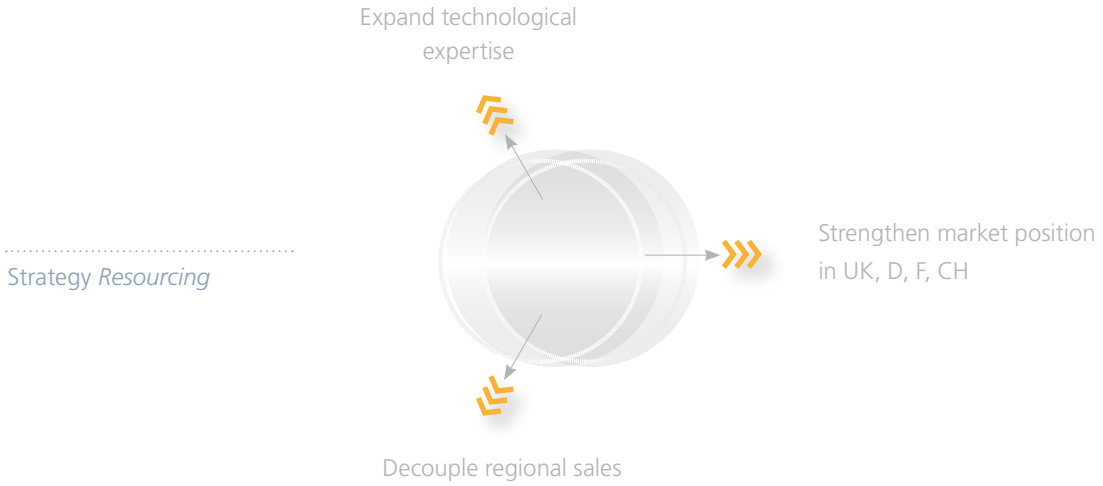
Compelling *Services*

Our *Services* segment comprises IT-related consulting, as well as the development and maintenance of IT solutions with a strategic focus on the financial services sector. We foster close and long-term partnerships with leading international Financial Service Institutions.

Our activities with existing customers focus on how we can expand our services and integrate them more closely with client needs. At the same time, we are working hard to gain new customers in England and the USA, where financial markets are gradually returning to stability. We also aim to broaden our client base in Germany and Switzerland by targeting more regionally-oriented banks. In the current market situation, we see particularly attractive opportunities for our IT outsourcing services, which include taking on IT application development and maintenance on behalf of our clients – with or without staff transfer, as required.

As part of our efforts to optimise internal organisational processes, we are currently driving the refinement of our Global Delivery Model. Our main focus is on continual quality management and efficiently nurturing the skills and technological expertise of our employees. For each client market, we analyse which technological and professional expertise is required. Based on these findings, we then expand and continually develop the professional skills of employees throughout the Group. In this way, we can ensure their skills are already in line with future requirements.





Flexible *Resourcing*

Our *Resourcing* segment offers companies a high degree of manpower flexibility for their IT projects by quickly sourcing the best possible freelance IT experts for specific tasks.

We also cultivate long-term business relationships in this segment, whereby our focus here is not on specific sectors but on highly sought-after technological expertise – as exemplified by our team of SAP experts. We aim to broaden our client base in Germany, France, England and Switzerland.

In terms of organisational structure, our focus is on steadily raising the efficiency of our internal processes while at the same time enhancing the quality of our services. With reference to our Global Delivery Model, we intend to decouple local sales and operative implementation in our *Resourcing* division. Our onsite consultants are to be supported in future by a central global Resourcing Centre. Thanks to our integrated IT systems we are capable of further accelerating local sales by employing standardised processes. With defined quality standards and a clear focus on specific technologies, we can match special customer needs even more exactly. We also plan to expand our range of services in order to offer our corporate clients and our freelance partners a decisive added value.

Software

In the *Software* division, we develop high-performance IT applications for archiving e-mails, documents and application data. The business model here is a product business. As we want to position ourselves as a strategic IT partner, our aim is to offer clients objective and product independent advice. We therefore intend to leave this field and to sell the division to a partner.

GFT mission statement

Our vision

We transform, enhance and maintain the business of our clients through best-fit IT competences and IT solutions. Financial Services Institutions view us as their preferred strategic partner.

Our mission

We team up with our clients to advise and support them in the long-term evolution of their mission-critical IT applications.

We increase clients' agility by delivering fast flexible resources matching their requirements.

We design, build, customise and maintain flexible IT solutions by combining domain expertise and the right technologies, focusing on high delivery quality in a cost-efficient way thus providing value for money to our clients.

We target Financial Services Institutions to support them with their international footprint.

Our goal

We are passionate about the value we create for our clients and are proud of being part of a very successful GFT.

In 2009 we defined a common mission statement which shapes our identity and our strategy.

Investment case

- Excellent positioning in challenging markets
- Proven business model
- Global presence
- Clear growth strategy on organic basis and via targeted acquisitions
- Sustainable profitability
- Sound financing with strong equity base
- Stable shareholder structure
- Reliable dividend policy
- Transparent and active dialogue with the capital market

The GFT share

Comprehensive and up-to-date financial information creates trust – especially in turbulent times. We are therefore in constant contact with shareholders, investors, analysts and financial journalists to inform them in particular about our current business progress, general market developments and our growth strategy. Subject to the approval of the Annual General Meeting, our positive development will allow us to continue the dividend policy we began in 2008.

Leading international share indices return to growth in 2009

Following the sudden collapse of world trade in early 2009, the global economy regained some stability towards the middle of the year. This was mainly due to an expansionary monetary policy and numerous state-financed economic stimulus programmes. The upturn was also reflected in a corresponding surge in the leading share indices, which helped them regain some of the ground lost in the previous year. While the Dow Jones and DAX grew by 19 and 23% respectively, technology shares enjoyed even more dramatic growth: the US technology exchange NASDAQ posted growth of 53%, while the German TecDAX leapt 59%.

GFT share outperforms relevant indices

Starting from its low year-opening level of €1.31, the GFT share outperformed all major indices. Following the release in March of positive figures for financial year 2008 and the publication in May of the interim report on the first quarter of 2009, the GFT share price rose steadily to reach a year-high of €2.98 on 6 October. Despite positive media coverage, our share price performance was more modest in the fourth quarter. The share finished 2009 at a closing price of €2.44 and was able to take most of its annual performance of + 86% into the new year.

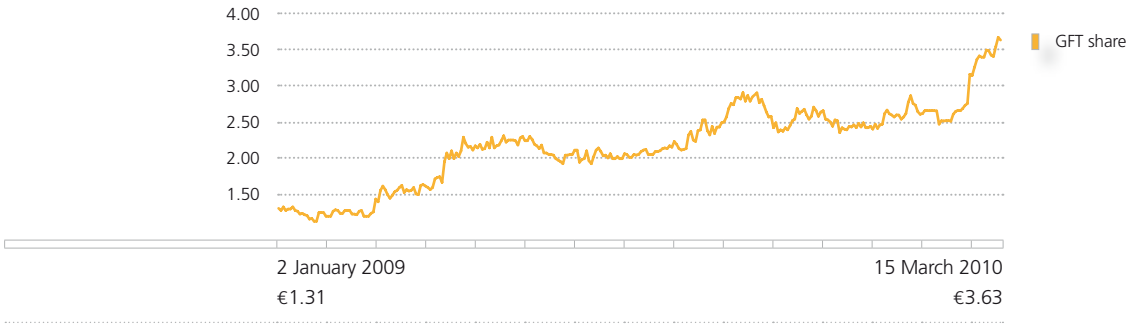
Stable shareholder structure with modest trading volumes

Our shareholder structure continues to be extremely stable: of the 26,325,946 bearer shares issued with a par value of €1 each, the founding family still holds 38.14%. Institutional investors, such as the AvW Gruppe AG, Austria, and Baden-Württembergische Investmentgesellschaft mbH (BWInvest), hold stakes in GFT of between 3 and 5%. The free float proportion currently accounts for 51.85% of all shares.

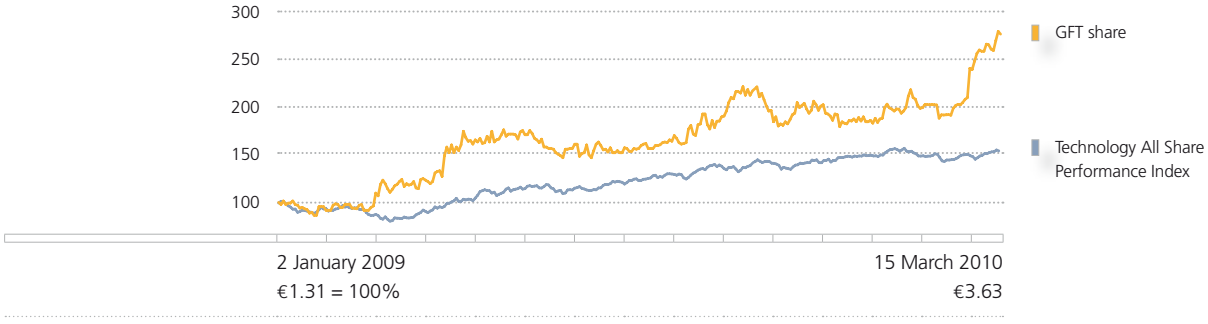
Shareholder structure (%)

	%
Ulrich Dietz	28.46
Maria Dietz	9.68
AvW Gruppe AG, Austria	5.01
Dr. Markus Kerber	5.00
Free float	51.85

Share price performance in Euro



Indexed share price performance



In the year under review, an average of 23,306 shares changed hands per day in electronic trading (Xetra) and on the floor in Frankfurt.

Earnings per share and dividend payment

Earnings per share pursuant to IAS 33 amounted to €0.23 (previous year: €0.30) in the past financial year. After distributing a dividend of €0.10 in 2008, we plan to uphold this dividend policy in view of our positive development. The Executive Board and Supervisory Board will therefore recommend to the Annual General Meeting to once again distribute a dividend of €0.10 per share.

Dialogue with shareholders and interested parties

Our Investor Relations activities focus on active communication with our shareholders, potential investors, analysts and the public. We provide all market participants with continual, up-to-date and comprehensive information on the figures, development and strategy of the GFT Group based on quarterly, half-yearly and annual reports. We also maintain close contacts with institutional investors and financial analysts by means of telephone, analyst and press conferences.

In 2009, the Executive Board and IR team presented the company at a roadshow in Zurich, as well as at the annual German Equity Forum in Frankfurt and the Capital Market Conference in Munich.

This intensive contact with analysts was reflected in numerous research reports: equinet and SES Research recommended buying the GFT share throughout the whole of 2009 – also following publication of our 9-month report in November, with upside targets of €3.30 and €3.90. Following »hold« recommendations in May and August, the analysts of LBBW upgraded our share to »buy« again in November with an upside target of €3.25.

More IR information provided online at gft.com

A relaunch of our corporate website in financial year 2009 also resulted in a new look for our »Investor Relations« section. In addition to a more user-friendly design and navigation system, the main focus was placed on increasing the amount of information provided on our share. This rounds off our existing range of financial reports, analyses, extensive corporate information, current press releases and statutory disclosures, which we also offer in the form of an e-mail newsletter.

The additional information is intended to make our share's performance more transparent and to provide a one-stop source of all relevant information on the share.

We are always glad to answer enquiries from interested persons – swiftly and personally via e-mail, letter or phone.

Award-winning annual report

For the fourth year in a row, GFT's annual report received praise from the League of American Communications Professionals (LACP): after picking up two »golds« and one »platinum« for our annual reports in the preceding years, our Annual Report 2008 once again received the top accolade – the LACP Platinum Award – at the LACP Vision Awards in the »Technology – I.T. Services« category.

Contact

The members of our Investor Relations team will be glad to provide you with any information required:

GFT Technologies AG

Andrea Wlcek, Head of Investor Relations
Filderhauptstrasse 142, 70599 Stuttgart, Germany

Internet: www.gft.com/ir, e-mail: ir@gft.com

Information on the GFT share

	2009	2008
Opening price as at 1 January	€1.31	€3.31
Closing price as at 31 December	€2.44	€1.30
Change in value	+86%	-61%
High	€2.98 (06.10.2009)	€3.38 (07.01.2008)
Low	€1.10 (26.01.2009)	€1.03 (27.10.2008)
Market capitalization as at 31 December	€64 million	€34 million
Earnings per share	€0.23	€0.30
Average daily trading volume (shares)	23,306	40,772

ISIN	DE0005800601
Beginning of the official quotation	28.06.1999
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

Corporate Governance Report

(in accordance with section 3.10 of the German Corporate Governance Code)

Since its launch in 2002, the German Corporate Governance Code (last revised in June 2009) has established itself as the standard for responsible management based on sustainable value creation. For GFT, effective corporate governance has long been one of the fundamental principles for a management style geared towards long-term, transparent and consistent corporate development. We attach particular importance to the long-term strategic alignment of the company as well as to solid financial planning. Other key aspects are our adherence to legal and ethical standards as well as open and transparent communication. In this way we aim to create a solid foundation for the trust displayed by our shareholders, employees, business partners and the general public.

Close cooperation between the Executive Board and Supervisory Board

As a public limited company (»Aktiengesellschaft«) governed by German law, GFT Technologies AG has a dual management structure consisting of an Executive Board and a Supervisory Board. Both bodies work closely together for the well-being of the company and foster open and honest communication.

The Executive Board immediately calls upon the Supervisory Board to provide advice in the case of major decisions. In the first half of the year, discussions between the two bodies focused on the GFT Group's current business development against the backdrop of the economic and financial crisis as well as the resulting strategies for individual segments and regions.

In the second half of the year, the discussions and deliberations centred on GFT's long-term strategy, as well as on major focus areas for growth and investment.

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 business according to legal requirements, the company's Articles of Association, its rules of procedure and its internal guidelines. Its principal tasks include the development and implementation of company strategy, the management of the company, financial planning, and the establishment and maintenance of an efficient risk management and monitoring system. On this basis, the Executive Board sets the long-term objectives and determines the principles and guidelines for company policy. The members of the Executive Board bear joint responsibility for the company's management. In addition, the responsibilities of each Board member and the divisions they head are defined in the Executive Board's rules of procedure.

In performing its duties, the Executive Board is in close consultation with the Supervisory Board. It reports to the Supervisory Board swiftly, regularly and comprehensively on all relevant issues with regard to the planning and development of the company, the position of the GFT Group with particular focus on the attainment of its targets, the risk situation and risk management, and questions of compliance. It obtains the prior consent of the Supervisory Board for significant transactions, as defined 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 continues to be composed of six members. The members of the Supervisory Board are independent and none of its members has held a seat on an Executive Board within the last two years. The Supervisory Board regularly monitors and advises the Executive Board in its management of the company. This also involves coordinating the company's strategic alignment with the Executive Board and discussing the current status of strategy implementation. These activities are based on legal requirements, the company's Articles of Association and its rules of procedure. The Supervisory Board is also responsible for appointing and dismissing members of the Executive Board, and together with the Executive Board is responsible for long-term succession planning. It determines the remuneration of Executive Board members and regularly reviews the compensation system with regard to its alignment with sustainable corporate development. Its responsibilities also include approving the Annual Financial Statements. Due to its manageable size and the personal expertise of its members, the Supervisory Board continues to abstain from forming committees. The Supervisory Board was last elected at the Annual General Meeting of 2009 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 in 2014.

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. GFT was not informed of any conflicts of interest involving members of the Executive Board or the Supervisory Board. In the financial year 2009, there were no dealings between GFT Technologies AG or its affiliates and members of the Executive Board or persons related to them.

Executive Board and Supervisory Board remuneration

The remuneration of members of the Executive Board is composed of fixed compensation and variable components. The fixed component is paid as a monthly salary, while the variable components are paid once per year. These are linked to the business success and to the attainment of personally agreed targets. In addition, remuneration also includes benefits, in particular the provision of a company car which is also available for private use, the assumption of insurance premiums and contributions to pension schemes. There is no retroactive alteration of compensation amounts. Stock option programmes or similar securities-oriented incentive systems do not currently exist. In the financial year 2009, total remuneration for members of the Executive Board amounted to €1.56 million. 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). The company believes that an overall description which maintains the protection of the individual provides sufficient transparency.

The Supervisory Board has not made any agreement with the members of the Executive Board in the event that a member prematurely retires from the Executive Board without serious 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 company's Articles of Association. With the approval of the Annual General Meeting of 23 May 2006, this exclusively fixed amount was adapted to the increased qualification and liability requirements, as well as to the market environment. The following table specifies the amount paid to each Supervisory Board member. Further 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 2009 in €
Franz Niedermaier	22,000
Dr. Peter Opitz	16,500
Prof. Dr. Gerhard Barth (until 9 June 2009)	4,828
Dr. Markus Kerber (from 9 June 2009 to 5 Nov. 2009)	4,583
Andreas Bernhardt	11,000
Dr. Thorsten Demel	11,000
Dr. Simon Kischkel	11,000
Total	**80,911**

Transparent reporting

Members of the Executive Board or Supervisory Board during the past financial year held a total of 9,013,444 GFT shares as of 31 December 2009. This corresponds to 34.24% of the share capital of GFT Technologies AG.

Members of the Supervisory Board	Number of shares
Franz Niedermaier	50,000
Dr. Peter Opitz	–
Prof. Dr. Gerhard Barth (until 9 June 2009)	–
Dr. Markus Kerber (from 9 June 2009 to 5 Nov. 2009)	1,316,304
Andreas Bernhardt	26,000
Dr. Thorsten Demel	–
Dr. Simon Kischkel	1,302
Total	**1,393,606**

Members of the Executive Board	Number of shares
Ulrich Dietz	7,492,998
Marika Lulay	26,540
Dr. Jochen Ruetz	100,300
Total	**7,619,838**

Corporate Compliance

For the success and long-term existence of a company, the integrity of its senior management, the loyalty of its employees and its compliance with laws, provisions and regulations represent significant prerequisites. Equally, this also applies to ethical standards and principles as well to the growing number of conditions imposed by our customers. As a consequence, the company once again dealt intensively with the topic of »compliance« in the financial year 2009 and created clear, transparent and binding regulations with its Business Conduct Guidelines. In this connection, GFT has also set up a group-wide Compliance Office, which not only monitors compliance with these guidelines but also provides regular information, training and instruction for those employees concerned. Compliance with the guidelines is ensured by internal control mechanisms. The Executive Board reports to the Supervisory Board about the activities of the Compliance Office on a regular basis.

Directors' Dealings

In accordance with section 15a Securities Trading Act (WpHG), the following table lists the acquisition and sale of shares in our company by members of the executive bodies in the period 1 January to 31 December 2009. All dealings were also immediately published on the company website at www.gft.com/ir.

Directors' Dealings pursuant to section 6.6 of the Code

Trade date/location	Name	Position/area of responsibility	Transaction type	Quantity/ nominal value	Price	Total volume
19 June 2009 Stuttgart	Marika Lulay	Executive Board member	Share purchase	1,240	€2.02	€2,504.80

Transparent communication with shareholders and the public

GFT attaches great importance to transparency and continuity when it comes to communication with investors, the capital market and the media. Soon after publication, the Chief Financial Officer elaborates on our Annual Financial Statements, quarterly reports and current business via telephone conferences. In addition, our Investor Relations team provides extensive answers to shareholder queries throughout the year.

In accordance with section 15b Securities Trading Act (WpHG), GFT maintains a so-called »insider directory«. This document lists all individuals working for the company who have access to insider information due to their function, profession or a particular project. GFT regularly informs these insiders about the duties arising from the respective law.

At the Annual General Meeting, shareholders of GFT Technologies AG have the opportunity to exercise their voting right, to receive information about the Group and to engage in a dialogue with the Executive Board and the Supervisory Board. This enables shareholders to participate in various decisions affecting the company – such as voting on the appropriation of retained earnings, the discharge of the Executive Board and the Supervisory Board, and the election of Supervisory Board members and the auditor. In addition, the Annual General Meeting adopts resolutions on planned changes to the company's Articles of Association, mergers and capital increases.

Implementation of corporate governance in everyday corporate life

The German Corporate Governance Code is being continually developed. Should new requirements arise, as with the amendment of the Code on 18 June 2009, we immediately discuss how they can be integrated into our internal and external processes.

Our Compliance Officer ensures that the guidelines and processes contained in the Code and in our rules of procedure are complied with at Group level, i.e. by all 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. Individual companies have established their own rules of procedure which have proven effective in ensuring the implementation of corporate governance guidelines.

Explanations of deviations from the recommendations of the German Corporate Governance Code

At the Supervisory Board meeting of 14 December 2009, the Executive Board and Supervisory Board issued the following declaration in accordance with section 161 of the German Stock Corporation Act (AktG), under consideration of the amendment to the Code of 18 June 2009. The declaration includes the following explanations of deviations from the recommendations:

Declaration of Compliance of the Executive and Supervisory Board of GFT Technologies AG with the recommendations of the »Government Commission on the German Corporate Governance Code« pursuant to section 161 of the German Stock Corporation Act (AktG)

(Status: 14 December 2009)

1. GFT Technologies AG will comply with all recommendations of the »Government Commission on the German Corporate Governance Code« in the version of 18 June 2009 with the following exceptions:

3.8 ... »If the company takes out a D&O (directors' and officers' liability insurance) policy for the Management Board, a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation of the Management Board member must be agreed upon. A similar deductible must be agreed upon in any D&O policy for the Supervisory Board.«

The company will only comply with this recommendation as of 1 July 2010, and then only for the Executive Board, as the existing insurance agreements for the Executive Board are currently in the process of being amended. Up to this point in time, the legal transition stipulations will be applicable. The deviation is therefore due to the required preparation time.

In the case of D&O insurance for members of the Supervisory Board, an appropriate excess has been agreed which does not, however, fulfil the scope regulated in section 3.8 of the Code. The company is of the opinion that the increase in the agreed excess for members of the Supervisory Board does not constitute an additional incentive to carry out their activities with due diligence and according to statutory stipulations.

4.2.3 ... »The compensation structure must be oriented toward sustainable growth of the enterprise. The monetary compensation elements shall comprise fixed and variable elements. The Supervisory Board must make sure that the variable compensation elements are in general based on a multi-year assessment. Both positive and negative developments shall be taken into account when determining variable compensation components. All compensation components must be appropriate, both individually and in total, and in particular must not encourage to take unreasonable risks.« ...

The Supervisory Board believes that the compensation regulation contained in the current Executive Board contracts is appropriate and does not encourage taking inappropriate risks. Variable compensation items are not, however, currently based on a multi-year assessment and negative developments were not taken into account when determining variable remuneration components. The recommendation is currently not being complied with as amendments to the existing Executive Board contracts are only possible as and when they are extended. The Supervisory Board is currently examining the possibility of earlier implementation. In one particular case, the transition to the new regulations has already taken place due to a contract extension effective as of 1 July 2010.

... »In concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his contract without serious cause do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year.« ...

The Supervisory Board has not reached any agreement with members of the Executive Board for the event of a premature contract termination without serious cause. This is also not intended in future. The company is of the opinion that the statutory regulations provide for a reasonable settlement of interests in the event of the premature departure of an Executive Board member.

4.2.4 »The total compensation of each one of the members of the Management Board is to be disclosed by name, divided into fixed and variable compensation components. The same applies to promises of benefits that are granted to a Management Board member in case of premature or statutory termination of the function of a Management Board member or that have been changed during the financial year. Disclosure may be dispensed with if the General Meeting has passed a resolution to this effect by three-quarters majority.«

The Annual General Meeting of GFT Technologies AG decided with a three quarters majority on 23 May 2006 that the remuneration of Executive Board members shall not be individually disclosed. The individual disclosure of benefit commitments made to Board members in the event of premature or scheduled contract termination, or which have been amended during the financial year, is also not envisaged.

The company is of the opinion that the justified information requirements are sufficiently fulfilled for the event of such a departure via the disclosure of total compensation of the Executive Board and a summary of benefit commitments. To this extent, the company believes that the personal interests of the individual members of the Executive Board must be suitably respected when considering individualized disclosure.

5.3 Formation of committees

Considering the manageable size of the Supervisory Board, GFT Technologies AG does not believe it is generally necessary to form committees. This ensures efficient operation and comprehensive information for all Supervisory Board members. The company believes that all members of the Supervisory Board should always be involved in the decisions of the Supervisory Board.

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.«

The Supervisory Board members of GFT Technologies AG only receive fixed compensation. The company believes that this has an adequate incentive effect and prevents conflicts of interest during monitoring activities.

2. Since the last Declaration of Compliance on 15 December 2008, GFT Technologies AG has complied with all recommendations of the »Government Commission on the German Corporate Governance Code« for the period from 15 December 2008 to 4 August 2009 (Code version dated 6 June 2008), as well as from 5 August 2009 until the date of this declaration (Code version dated 18 June 2009) with the following exceptions:

3.8 ... »If the company takes out a D&O (directors' and officers' liability insurance) policy for the Management Board, a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation of the Management Board member must be agreed upon. A similar deductible must be agreed upon in any D&O policy for the Supervisory Board.«

The company has complied with section 3.8 of the codex in the version dated 6 June 2008. It will only comply with this recommendation in the version dated 18 June 2009 as of 1 July 2010, and then only for the Executive Board, as the existing insurance agreements for the Executive Board are currently in the process of being amended. Up to this point in time, the legal transition stipulations will be applicable. The deviation is therefore due to the required preparation time.

In the case of D&O insurance for members of the Supervisory Board, an appropriate excess has been agreed which does not, however, fulfil the scope regulated in section 3.8 of the Code. The company is of the opinion that the increase in the agreed excess for members of the Supervisory Board does not constitute an additional incentive to carry out their activities with due diligence and according to statutory stipulations.

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… »In concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his contract without serious cause do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year.« …

The Supervisory Board has not reached any agreement with members of the Executive Board for the event of a premature contract termination without serious cause. This is also not intended in future. The company is of the opinion that the statutory regulations provide for a reasonable settlement of interests in the event of the premature departure of an Executive Board member.

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The Annual General Meeting of GFT Technologies AG decided with a three quarters majority on 23 May 2006 that the remuneration of Executive Board members shall not be individually disclosed. The individual disclosure of benefit commitments made to Board members in the event of premature or scheduled contract termination, or which have been amended during the financial year, is also not envisaged.

The company is of the opinion that the justified information requirements are sufficiently fulfilled for the event of such a departure via the disclosure of total compensation of the Executive Board and a summary of benefit commitments. To this extent, the company believes that the personal interests of the individual members of the Executive Board must be suitably respected when considering individualized disclosure.

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The Supervisory Board members of GFT Technologies AG only receive fixed compensation. The company believes that this has an adequate incentive effect and prevents conflicts of interest during monitoring activities.

Corporate Governance online

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

The complete wording of the German Corporate Governance Code as well as further information is available at:
www.corporate-governance-code.de

Supervisory Board Report

The relationship between the Supervisory Board and Executive Board of a company should be a balance of trust and control, advice and support. At GFT, the two bodies have been cooperating in an atmosphere of mutual trust for some ten years now and can look back on numerous joint successes.

The Supervisory Board's work in the financial year 2009 was once again characterized by its close and cooperative interaction with the Executive Board. The Supervisory Board fulfilled its obligations pursuant to law, the rules of procedure and the Articles of Association during and outside its meetings, which involved intensive discussions with the Executive Board and the auditor. In particular, the Supervisory Board comprehensively advised and continuously monitored the Executive Board with regard to its management of the company. In a market environment which remained challenging, the Supervisory Board discussed in detail the current situation and strategic development of the GFT Group. The Supervisory Board was involved in all decisions of major significance for the company and – following critical examination and discussion – adopted resolutions on all transactions presented by the Executive Board which required approval pursuant to the rules of procedure of the Executive Board and Supervisory Board. In particular, these included budget planning for financial year 2009, the transfer of the operating business of GFT Iberia Solutions S.A. to another wholly-owned Group subsidiary, emagine S.A., various transactions concerning GFT *inboxx* GmbH, agreements in connection with the extensive outsourcing project of a client and the sale of the Austrian subsidiary GFT Technologies GmbH (Vienna).

The Supervisory Board's activities were founded above all on the oral and written reports pursuant to section 90 of the German Stock Corporation Act (AktG), including the reports according to section 37v to 37y of the German Securities Trading Act (WpHG), which the Executive Board submitted to the Supervisory Board during and outside the Supervisory Board meetings. The Executive Board provided the Supervisory Board with regular, prompt and extensive information about all significant developments of the company and submitted key business figures on a monthly basis. This ensured that the Supervisory Board was continually informed during the period under review on all relevant issues concerning the current position of the GFT Group, as well as its risk situation and risk management system. The Supervisory Board was thus always able to fulfil its monitoring function promptly and according to its rules of procedure. Due to its limited size, the Supervisory Board continues to believe that there is no need to form committees. Fulfilling all tasks as a complete body has proven successful so far.

→ | **FRANZ NIEDERMAIER**

Chairman of the Supervisory Board

The constructive cooperation between Executive Board and Supervisory Board proved to be of particular value in financial year 2009. At an early stage, the Executive Board and Supervisory Board discussed the possible consequences of the economic crisis and the necessary steps to be taken.

Supervisory Board meetings and their main topics

We held six regular Supervisory Board meetings and one constituent meeting during the year under review. Two telephone conferences were also held to adopt resolutions on urgent business transactions. All Supervisory Board members were present at more than half of the meetings held during their respective terms of office.

At each of its ordinary meetings – with the exception of the constituent meeting – the Supervisory Board held detailed discussions on the business development of the GFT Group and its individual business divisions and regions within the context of quarterly reporting. The main topics discussed in financial year 2009 were the Group's strategic development and business policy, as well as its short-, medium- and long-term corporate and financial planning. Against the backdrop of a difficult market environment for software products, the Supervisory Board focused above all on the development of the subsidiary GFT *inboxx* GmbH.

At its meeting on 11 May 2009, the Supervisory Board discussed the results of its efficiency audit on the basis of company-specific questionnaires. Compared with the previous year, the 2009 questionnaire had been expanded in line with changed legal requirements and adapted to currently valid legislation. The efficiency audit serves to continually evaluate and improve the Supervisory Board's work.

There were also regular meetings without the presence of Executive Board members, in particular to discuss Executive Board affairs.

The Supervisory Board began its 2009 meeting period with a telephone conference on **27 February 2009.** During the meeting, the Supervisory Board discussed the preliminary key figures of the Annual and Consolidated Financial Statements for the financial year 2008 together with the Executive Board.

At the balance-sheet meeting on **23 March 2009,** the Supervisory Board discussed in detail the Annual and Consolidated Financial Statements as at 31 December 2008 in the presence of the auditor. Prior to the meeting, the Supervisory Board had carefully reviewed and examined the Annual Financial Statements and Consolidated Financial Statements for financial year 2008 presented by the Executive Board, together with the joint Management Report and Group Management Report, as well as the auditor's report. In the course of the meeting, the auditor reported on the results of his audit and was on hand throughout the meeting to answer in detail all questions directed to him. The Supervisory Board was able to satisfy itself that the audit and audit report had been executed in an orderly and proper manner. Following the approval of the Annual and Consolidated Financial Statements the Supervisory Board adopted the 2008 Annual Financial Statements. At this first regular meeting of the financial year 2009, the Supervisory Board also discussed the company's situation and the topic of compliance within the GFT Group.

The main topic of discussion at the meeting on **11 May 2009** was the aforementioned efficiency audit of the Supervisory Board's activities and the business situation in the first quarter of 2009. The Executive Board and Supervisory Board also held detailed discussions about the further procedure with regard to GFT *inboxx* GmbH.

In preparation for the Annual General Meeting on 9 June 2009, a further regular meeting was held on **8 June 2009.** In addition to preparations for the Annual General Meeting, the Executive Board also informed the Supervisory Board about current acquisition talks.

At its meeting on **10 August 2009,** the Supervisory Board focused in particular on questions of Executive Board remuneration in respect of the new German Act on the Appropriateness of Executive Board Remuneration (VorstAG), as well as on the corresponding amendments in section 4.2 of the Corporate Governance Code and their consequences for the company. The law came into effect at the same time as a resolution was adopted to re-appoint a member of the Executive Board and to conclude a corresponding service agreement. The service agreement was thus adapted to meet the requirements of the VorstAG. Together with the re-appointment, the service agreement was adopted after detailed discussion. In the presence of the auditor and the Executive Board, the Supervisory Board also discussed the business development of the GFT Group in the first half of 2009. Moreover, the Executive Board informed the Supervisory Board about the current status of the GFT Group's risk management system. Other main topics of discussion included GFT *inboxx* GmbH and the planned conclusion of an outsourcing agreement by the subsidiary in Spain.

On **2 November 2009,** the Supervisory Board meeting dealt mainly with the key financial figures for the third quarter of 2009. In this connection, the changes within the *Software* division were once again addressed.

The Supervisory Board held a telephone conference on **26 November 2009** to discuss current negotiations for the outsourcing project of a client in Spain and the respective agreements. The Supervisory Board approved the agreements.

The last meeting of the year, on **14 December 2009,** was dedicated in particular to the budget planning for 2010. The Supervisory Board and Executive Board also held detailed discussions on the current development of GFT *inboxx* GmbH. Moreover, the Supervisory Board adopted the Declaration of Compliance with the German Corporate Governance Code for the financial year 2009 and discussed changes in the Supervisory Board's composition.

Corporate Governance

Implementation of the German Corporate Governance Code's regulations continues to be observed. In December 2009, the Executive Board and Supervisory Board issued their latest Declaration of Compliance with the Recommendations of the Government Commission on the German Corporate Governance Code pursuant to section 161 AktG. It has been made permanently available on the company's website at www.gft.com. For further details, please refer to the separate explanations of the Executive Board and Supervisory Board in the ***Corporate Governance Report*** and the ***Declaration on Corporate Governance.***

Conflicts of interest and their treatment

Members of the Supervisory Board – as well as the members of the Executive Board – immediately disclose any existing conflicts of interest to the Supervisory Board. When business relations with a certain client of the company were discussed and resolutions adopted during meetings held in the year under review, the Supervisory Board member who belonged to the client organisation did not take part. In the same way, persons possibly affected by regulations in the rules of procedure concerning the age limit of Supervisory Board members did not take part in discussions and voting. There were no further conflicts of interest in the year under review.

Personnel changes

The mandate of all Supervisory Board members ended as scheduled with the expiration of the Annual General Meeting on 9 June 2009. With the exception of Professor Dr. Gerhard Barth, all members of the Supervisory Board stood for re-election and were confirmed in office by the Annual General Meeting. The Annual General Meeting elected Dr. Markus Kerber to the Supervisory Board for a full term of office.

Following the general election in Germany in 2009, Dr. Kerber was asked to serve in the German Federal Ministry of Finance. With effect from 5 November 2009, Dr. Kerber laid down his seat on the Supervisory Board in order to avoid any possible conflict of interests arising from his seat on the Supervisory Board of a private sector company. With a resolution of the District Court of Stuttgart dated 9 February 2010, Professor Dr. Hans-Peter Burghof was appointed to the Supervisory Board in order to fulfil the statutory number of Supervisory Board members pursuant to section 104 AktG.

The Supervisory Board would like to thank Professor Dr. Gerhard Barth for his many years of constructive and trustful cooperation, as well as for his numerous creative proposals. As Deputy Chairman of the Advisory Committee, Professor Dr. Barth will continue to support the company with his advice. The Supervisory Board would also like to thank Dr. Kerber.

Annual Financial Statements and Consolidated Financial Statements 2009

The accounting, the Annual Financial Statements and Management Report, as well as the Consolidated Financial Statements and Group Management Report for the financial year 2009 were audited by Grant Thornton GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, represented by their Stuttgart branch office (hereafter »Grant Thornton«), who were appointed as auditor and Group auditor by the Annual General Meeting. The audits each received an unqualified audit opinion. All interim financial statements were also subjected to an audit review by Grant Thornton. The qualification, independence and efficiency of the auditor was regularly checked by the Supervisory Board during the year under review, especially in connection with discussions on the Financial Statements and the Financial Reports held in the presence of the auditors, as well as on the basis of the Declaration of Independence pursuant to sections 7.2.1 and 7.2.3 of the German Corporate Governance Code and the agreements reached with the auditor. The Supervisory Board has no objections to a renewed election of the auditor.

The complete 2009 Financial Statements and audit reports of Grant Thornton were distributed punctually to all members of the Supervisory Board. 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 in accordance with regulations. It is the firm belief of the Supervisory Board that the Financial Statements, including the auditor's reports, comply with statutory requirements. At the balance sheet meeting on 22 March 2010, the auditor reported on the most important results of the audits and was available to provide further information and to answer any questions. The members of the Supervisory Board were able to satisfy themselves that the audits complied with 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 financial year 2009, as well as the Management Report and Group Management Report of GFT Technologies AG, as the final results of its own audit gave no cause for objection. The Supervisory Board thus adopted the 2009 Annual Financial Statements today. The Supervisory Board concurs with the Executive Board's proposal concerning the allocation of the net income and the dividend payment of €0.10 per ordinary share entitled to dividends.

The Supervisory Board would like to thank the Executive Board and all employees of the GFT Group for their sense of responsibility and commitment in the financial year 2009.

Stuttgart, 22 March 2010

On behalf of the Supervisory Board

Franz Niedermaier

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Group Management Report

of GFT Technologies AG as at 31 December 2009

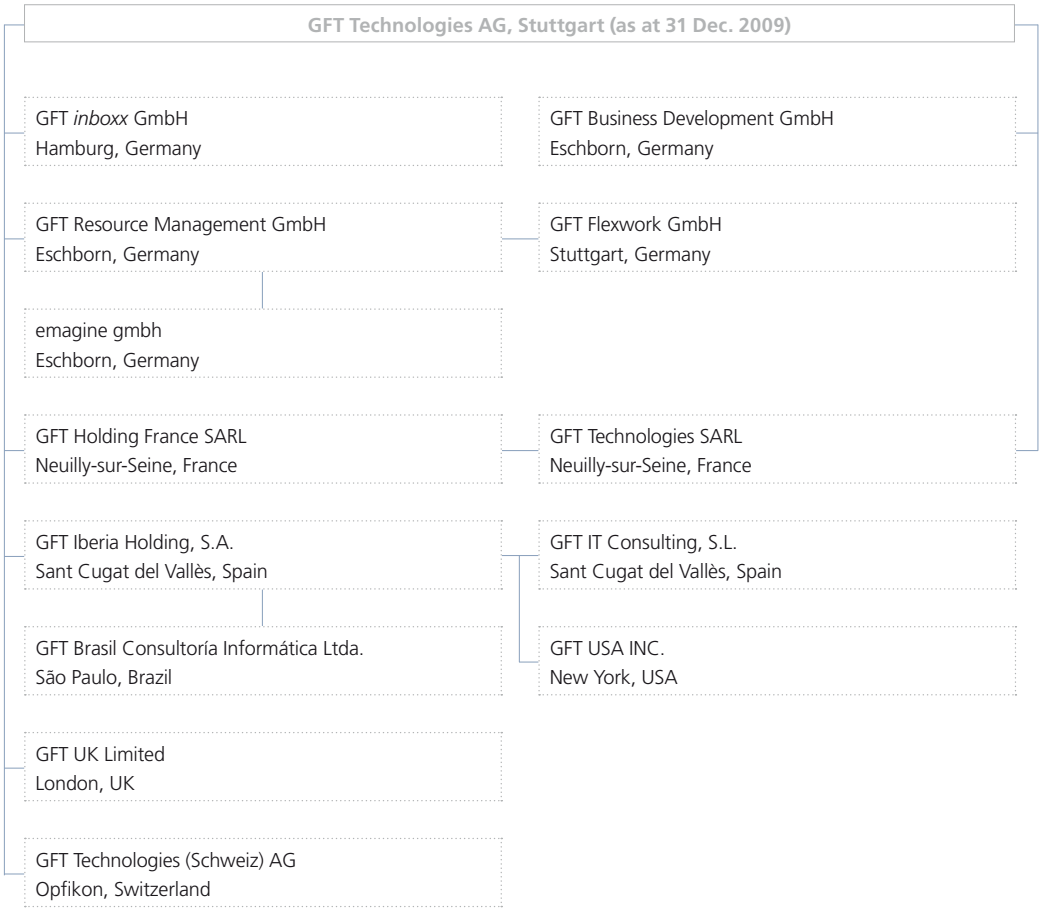
Business environment

Group structure

Within the GFT Group, GFT Technologies AG (GFT AG), based in Stuttgart, Germany, acts as the strategic management holding company. It controls the other, legally independent Group companies. The key responsibilities of GFT AG include determining corporate strategy, as well as risk management and corporate finance.

In this capacity, the company also cultivates its contact to the capital markets and other interest groups. Moreover, GFT AG provides group-wide administrative services for the various subsidiaries.

The Group's operating business is divided into the three business divisions: *Services, Resourcing* and *Software*. In addition to its holding functions, GFT AG also has operating activities; the business division *Services* Germany is integrated into GFT AG.



Business operations

The GFT Group is an international supplier of innovative IT solutions and IT services. Founded in 1987 in St. Georgen, Germany, GFT is now a strategic partner for numerous companies around the world. Over 1,000 employees work at locations in seven countries. In the Group's three business divisions, *Services, Resourcing* and *Software,* they help clients optimise their business processes with the aid of intelligent IT systems and highly skilled IT specialists, thus enabling them to establish a sustainable edge over the competition.

In its *Services* division, GFT creates and supplies tailored IT solutions focusing in particular on the financial industry. GFT combines technological experience with broad industry expertise. GFT's network of international development centres and local sales offices delivers best-fit IT services to the core markets of Europe and the Americas.

The *Resourcing* division comprises the fast and flexible selection and placement of highly skilled IT specialists for companies in all industries. As an international recruitment specialist, GFT can access its pool of over 180,000 top-qualified IT specialists. In its Third Party Management business, GFT's subsidiary emagine gmbh takes over the complete management of external IT providers on behalf of its clients.

The subsidiary GFT *inboxx* GmbH covers the entire scope of the GFT Group's *Software* division, delivering IT solutions which enable clients to organise all their archiving processes via a central, standard infrastructure.

The GFT Group's corporate strategy is based on profitable, sustainable growth aimed at raising the long-term value of the company. Operations of the three business divisions are coordinated worldwide across all company locations. GFT measures the success of its strategy implementation with the aid of the key performance indicators: revenue, EBT (earnings before tax), contribution margins and account collection targets. Operational managers discuss all key figures with the Executive Board on a monthly basis. Where necessary, countermeasures are swiftly decided and implemented.

In order to pursue its 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. Annual appraisal interviews provide feedback on staff development and satisfaction. GFT has also introduced a management development initiative: the GFT High Potential Programme. Selected staff in the *Services* and *Resourcing* divisions are developed and challenged in multinational teams over a two-year period, with the emphasis on creativity and innovation.

The workload capacity of staff at all development centres is regularly monitored to ensure the company's continued success. The quality of our internal processes and development efforts is also systematically monitored using the CMMI® (Capability Maturity Model Integration) system and proprietary quality controls processes.

A central pillar of GFT's success is the corporate identity it has developed over the years. Our work is based on a clear vision and binding values. GFT has established common core values and implemented a group-wide value system.

GFT seeks long-term cooperation with its clients and regards itself as a competent and reliable partner. The Executive Board gauges the satisfaction of its clients by maintaining close contact with their managers. GFT's status as a strategic or preferred IT partner among the majority of our clients is further testament to the high level of customer satisfaction the company has achieved.

Economic environment

Macroeconomic development

2009 continued to be dominated by the effects of the global financial and economic crisis which began in 2008. According to an International Monetary Fund (IMF) report in January 2010, global economic output as measured by gross domestic product (GDP) fell by around 1% in 2009.

In the first quarter of 2009, the economic situation had further deteriorated compared to late 2008. Numerous economic organisations, including the Organisation for Economic Cooperation and Development (OECD) and the IMF, downgraded their growth forecasts. There followed a comparatively weak second quarter in which the downturn was already losing pace. In certain regions there were initial signs of a return to stability. This trend was aided by a variety of recovery packages and support programmes launched by governments and central banks around the world.

Towards the end of the first half of 2009, the outlook for the world economy was beginning to look noticeably brighter. According to the ifo Institute for Economic Research, the global economic climate subsequently displayed a steady improvement until the end of the year. This resulted both from more favourable expectations for the future, as well as from a less negative assessment of the prevailing economic situation. The ifo discovered that this positive trend applied to all major economic regions. There was a significant improvement in business confidence above all in Western Europe and North America.

The IMF also upgraded its forecast for the current year in its autumn report of September 2009. The institute still expected global GDP to fall by 1.2% in 2009, however this was 0.3%-points less than forecast in July. The recovery continued to gather pace around the world in the fourth quarter. According to the latest estimates, global economic output fell by around 1% in 2009.

The first signs of a slow return to economic stability were not visible in Germany until the end of the first half of 2009. The IMF forecast in July 2009 of a 6.2% year-on-year fall in GDP was upgraded in autumn to a 5.3% decline. All in all, the German economy shrank for the first time in six years in 2009, according to the German Federal Statistical Office. At -5.0% the decline in GDP was the largest in post-war German history.

Sector development

The effects of the economic crisis were also felt by the IT industry, although its impact was comparatively milder than in other sectors. In mid 2009, the Federal Association for Information Technology, Telecommunications and New Media (BITKOM e.V.) forecast an annual fall in sales of 2.5% for the entire German market for ICT products and IT services in 2009. In autumn, BITKOM believed that the economy was already pulling out of recession. Demand was growing for ICT solutions which would help companies in other sectors to raise efficiency and reduce costs. At the same time, the propensity to invest in IT projects was gradually rising in certain industries. By the end of 2009, BITKOM was expecting the general economic upturn to drive renewed growth in high-tech markets. Not, however, to the same extent in all segments: in 2009, BITKOM already recognized signs of slower revenue growth or even a slight decline for IT services and software. The outsourcing business, on the other hand, was enjoying growing demand – especially from financial service providers and the manufacturing industry. At the end of the second half of 2009, the European Information Technology Observatory (EITO) forecast revenue growth throughout Europe of 5% to €65.8 billion for this sector. According to BITKOM, both trends will continue in 2010.

Course of business

Against the backdrop of a difficult economic environment, the GFT Group can look back on generally stable business progress in 2009. In a challenging market environment, our client markets suffered above all in the first half of 2009 from a significant degree of uncertainty. This resulted in muted demand and cyclical pressure on prices. In the second half of the year, demand for IT solutions began to pick up again in certain industries and countries. As a result, GFT was able to raise revenue and earnings significantly in this period. Thanks to our strong customer retention and attractive product range, we were able to quickly grasp the opportunities offered by the emerging economic recovery.

The GFT Group generated total revenue of €216.81 million in 2009. This corresponds to a fall of 8% compared with €236.62 million in the previous year. Earnings before taxes (EBT) amounted to €7.86 million at the end of the period under review (previous year: €9.62 million). As the *Software* segment has been earmarked for disposal, it is not included in the present revenue and earnings figures, in accordance with IFRS guidelines.

For the year as a whole, therefore, GFT exceeded the revenue and earnings forecast which it announced at the end of the first half-year. The forecast still included the *Software* division and predicted revenue of €220 million and earnings before taxes of between €6 and €8 million. If figures for the *Software* segment are included, total revenue reached €221.43 million and earnings before taxes €6.82 million.

The economic recovery and gradual return to stability in the financial sector had a positive impact on revenue and earnings in the fourth quarter. The GFT Group posted revenue of €58.01 million and earnings before taxes of €2.24 million in the last three months of 2009.

Due to our encouraging earnings position and high level of liquidity, the Executive Board together with the Supervisory Board recommend that a dividend of €0.10 should be distributed once again for the financial year 2009.

Development in the three business divisions

There was very encouraging progress in our *Services* division. With its clear focus on the financial sector, the division performed well in a challenging market and was able to post slight growth. With revenue of €91.35 million, the segment was able to exceed the high figure of the previous year (€90.94 million). As in the previous year, the *Services* division once again made the largest contribution to Group earnings with €6.21 million (previous year: €7.60 million). During the course of the year, the segment succeeded in placing an increasing number of solutions aimed at creating more flexible cost structures, such as outsourcing projects. As a result, the division was able to raise revenue and earnings significantly in the second half of 2009.

Falling demand for freelance IT specialists in all industries and countries throughout the year had an adverse impact on revenue in the *Resourcing* division. The decline in revenue was mainly due to weak demand in low-margin Third Party Management. At €125.45 million (previous year: €145.68 million) the segment generated the largest share of Group revenue and accounted for €2.75 million (previous year: €3.03 million) of total earnings.

Successful measures to cut costs and raise efficiency helped enhance results in the *Software* segment. Earnings before taxes improved from €-3.09 million in the previous year to €-1.00 million in 2009. The fall in licence revenue reflected the difficult market conditions for software products in the year under review. The division generated a segment revenue of €4.62 million (previous year: €5.62 million). The search for a buyer for the *Software* segment is scheduled to be completed in the second quarter of 2010. In accordance with IFRS regulations (IFRS 5), the *Software* segment is thus disclosed under discontinued operations in the Consolidated Financial Statements and no longer included in the financial figures of the GFT Group.

Development of revenue

Due to the adverse economic and market environment in the period under review, revenue of the GFT Group fell below the level of the previous year. GFT generated total revenue of €216.81 million, corresponding to a year-on-year decrease of 8% (previous year: €236.62 million). The fall in revenue was mainly a result of lower demand in the low-margin Third Party Management business of the *Resourcing* segment.

Viewed on a quarterly basis, revenue got off to a weak start in 2009 due to the economic crisis and suffered a further fall in the second quarter. The third quarter saw more stable revenue and a significant improvement in earnings. The traditionally strong fourth quarter once again accounted for the largest share of revenue in financial year 2009.

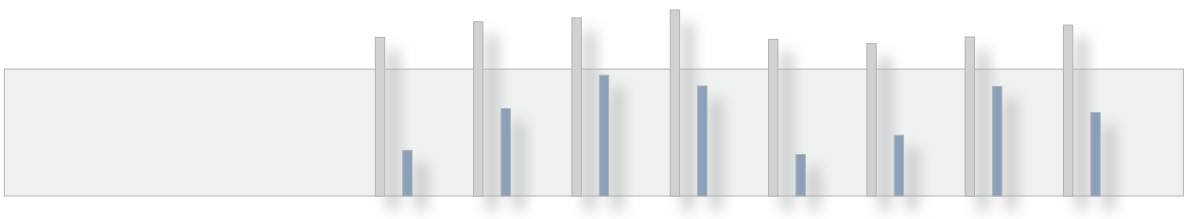
Revenue by segment

The ***Resourcing*** segment accounted for the largest share of total revenue (58%). Compared to the previous year, however, this proportion fell by 4%-points (previous year: 62%), leading to a corresponding increase in the ***Services*** segment's share of total revenue to 42% (previous year: 38%).

Falling demand for freelance IT specialists across all industries and countries as a result of the adverse economic climate placed a strain on segment revenue in the ***Resourcing*** division (consisting of Resource Management and Third Party Management). As a result, revenue fell by 14% to €125.45 million (previous year: €145.68 million). This fall in revenue was due in particular to weak demand in the low-margin Third Party Management business, where revenue decreased by 18% to €64.12 million (previous year: €78.30 million). In the course of the year, clients utilised the flexibility which this business model offers and requested fewer services in view of the uncertain market environment. Revenue in the field of Resource Management (RM) fell by 9%. The placement of freelance IT specialists in RM generated revenue of €61.33 million in the period under review (previous year: €67.38 million).

Revenue of €91.35 million was recognised in the ***Services*** division, representing a slight increase over the previous year (€90.94 million). Despite challenging conditions in the segment's core market – the financial sector – there was strong revenue growth above all in the fourth quarter. A key factor for this success was the increased demand for outsourcing services which help clients create more flexible cost structures.

Development of revenue and EBT on a quarterly basis



€ million	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	53.9	59.1	60.4	63.2	53.2	51.8	53.8	58.0
EBT	1.2	2.3	3.2	2.9	1.1	1.6	2.9	2.2

In the traditionally strong financial markets of the UK and USA, the gradual return to stability of the investment banking sector led to growing demand for IT solutions in this field.

Revenue by country

At €140.23 million, **Germany** accounted for the largest share of total revenue and represents the GFT Group's largest sales market with a share of 65% (previous year: 67%). Compared to the previous year, revenue fell by €19.20 million (previous year: €159.43 million). This was mainly due to reduced demand from a major client in the field of Third Party Management, which was hit particularly hard by cost-saving measures in the financial sector.

As the second largest sales market, the **UK** once again generated 11% of total revenue (previous year: 11%). In the first six months in particular, Europe's largest financial market was still suffering from the effects of the crisis. The resulting fall in demand for projects in both the *Services* and *Resourcing* segments had a noticeable impact on revenue. As the investment banking sector returned to stability in the second half of 2009, however, there was renewed demand above all for IT solutions of the *Services* division. With total revenue in 2009 of €23.87 million, the UK market almost reached its previous year figure of €24.91 million.

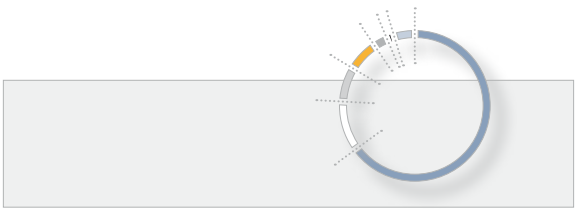
There was strong growth in business with clients in **France.** In the period under review, the expansion of business activities in the *Resourcing* segment – especially with existing clients – resulted in significant revenue growth. A total of €17.39 million was generated by business in France, corresponding to year-on-year growth of 19% (previous year: €14.65 million). As a consequence, its proportion of total revenue grew from 6% in the previous year to 8%.

The financial crisis and resulting fall in demand from customers in the financial sector during 2009 placed a considerable strain on the traditionally high revenue volume contributed by clients in **Spain.** Revenue fell by 9% to €15.54 million (previous year: €17.12 million) while the share of total revenue remained stable at 7%. The gradual recovery of the financial markets in the course of the year also had a noticeable impact on demand in Spain.

Revenue by segment

%	2009
Resourcing	58%
TPM	*31%*
Resource Management	*27%*
Services	42%

Revenue by country



%	2009
Germany	65%
UK	11%
France	8%
Spain	7%
Switzerland	3%
Brazil	1%
Other countries	5%

The GFT Group enjoyed a slight increase in revenue in the Swiss market. This was mainly due to increased activities in the *Resourcing* division. A total of €6.4 million was generated in the period under review (previous year: €6.2 million).

As expected, revenue in **Brazil** continued to fall with the scheduled end of a major project for a Brazilian client. Revenue reached €1.13 million in 2009 (previous year: €3.76 million), accounting for 1% of total revenue. Brazil is of particular strategic importance for the GFT Group as an offshore development centre for Europe and nearshore location for the North American market.

There was a strong increase in revenue from business with clients in **»other countries«**, especially Italy, the Benelux states and the USA. Its share of total revenue increased from 4% in the previous year to 5% in 2009. Projects with clients in these countries generated €12.28 million (previous year: €10.55 million), corresponding to growth of 16%. This increase in revenue was due above all to the strong progress made on the US market, where revenue was doubled in 2009.

Revenue by industry

The **financial services industry** was once again the most important sector for the GFT Group in 2009. Falling demand as a result of the financial market crisis, however, left its mark on this traditionally strong sector. Revenue fell from €158.96 million in the previous year to €143.74 million in the period under review, corresponding to 66% of total revenue (previous year: 66%). This weak demand from clients in the financial sector was felt most of all in the *Resourcing* segment. As financial markets gradually became more stable, however, the *Services* segment in particular enjoyed growing demand in the third and fourth quarters. In this segment, financial sector clients accounted for 82% of revenue (previous year: 82%). The *Resourcing* division also generated over half its revenue with clients in the financial services industry.

There was also a decline in revenue from clients in the **postal and logistics industry.** At €16.56 million, revenue in the period under review was down on the previous year (€19.11 million) yet, maintained its 8% share of total revenue (previous year: 8%).

Revenue by industry – *Distribution in the Group*

%	2009
Financial services providers	66%
Postal/Logistics	8%
Others	26%

Revenue by industry – *Services*

%	2009
Financial services providers	82%
Postal/Logistics	13%
Others	5%

For the first time, clients in the industrial sector are no longer disclosed separately but included in the **»Others«** category. The corresponding revenue which the GFT Group generated with clients in other sectors amounted to €56.50 million (previous year: €58.55 million), representing 26% of total revenue (previous year: 25%).

Earnings position

In accordance with IFRS 5, the amounts disclosed in the section »Earnings position« only refer to continued operations. The earnings of the discontinued *Software* division are explained separately at the end of the section.

At the end of the financial year, earnings before taxes (EBT) of the GFT Group amounted to €7.86 million and were thus 18% down on the previous year (€9.62 million). The fall was due to the deterioration of the general economic situation in 2009 and its negative impact on earnings. At 3.6%, there was also a year-on-year fall in operating margin before taxes (previous year: 4.1%).

As in previous years, earnings increased from quarter to quarter and as a consequence around two thirds of annual earnings were generated in the second half of 2009.

Earnings position by segment

At €6.21 million, the ***Services*** segment once again accounted for the largest share of Group earnings before taxes (previous year: €7.60 million). While revenue remained virtually unchanged, the operating margin before taxes fell to 6.8% (previous year: 8.4%). This year-on-year decline in profitability was due to the current strong pressure on prices and thus margins.

Due to weaker demand for freelance IT specialists, the segment result of the ***Resourcing*** division decreased from €3.03 million to €2.75 million. The segment's operating margin before taxes, however, improved slightly from 2.1% to 2.2%. This was the result of two opposing developments: Whereas the EBT margin in Third Party Management came under severe pressure and fell from 1.1% to 0.5%, the placement of more highly qualified freelance experts in Resource Management helped raise the EBT margin of this business significantly from 3.2% to 3.9%. In absolute figures, the EBT of Resource Management grew to €2.42 million (previous year: €2.15 million). Third Party Management generated EBT of €0.33 million in 2009, compared to €0.88 million in the previous year.

Revenue by industry – *Resourcing*

%	2009
Financial services providers	58%
Postal/Logistics	5%
Others	37%

Earnings position by income and expense items

The Group's **other operating income** fell by €0.68 million to €1.96 million (previous year: €2.64 million). As in the previous year, this was mainly due to the liquidation of provisions and to exchange rate effects.

The **cost of materials** traditionally consists mainly of purchasing external specialists for the *Resourcing* segment and for clients' projects in the *Services* division. In line with falling revenue, it fell by €17.88 million to €130.45 million (previous year: €148.33 million).

Personnel expenses increased by 0.9% from €61.98 million to €62.52 million. Due to adverse macroeconomic data, there was only a moderate increase in salaries.

Depreciation of non-current intangible and tangible assets was down 22% to €1.21 million (previous year: €1.55 million).

Other operating expenses fell by €1.19 million, from €18.44 million in 2008 to €17.25 million at the end of 2009. The main components included operating expenses, especially rental and incidental costs for premises of €5.55 million (previous year: €5.47 million), sales expenditure, above all travel and advertising costs, of €5.22 million (previous year: €6.19 million) and administrative costs of €5.23 million (previous year: €5.17 million).

At €0.52 million, the GFT Group's **financial result** was insignificantly lower than in 2008 (€0.54 million). This was due above all to two different effects: firstly, net interest income was down due to low market interest rates, while secondly there was no need to write down securities, in contrast to the previous year.

Income taxes remained relatively stable in 2009 at €1.67 million (previous year: €1.71 million), resulting in an imputed tax rate of 22% (previous year: 17%).

As a result, **net income for the year** from continued operations fell by 22% to €6.19 million, compared to €7.91 million in the previous year. Based on the posted net income for the year, **earnings per share** amounted to €0.23 in 2009 with an average of 26,325,946 outstanding shares (previous year: €0.30 per share).

Earnings position of the discontinued *Software* division

Capital expenditure of the previous year and manpower were significantly reduced in the *Software* segment during 2009 in order to adapt them to falling demand for standard software products. As a consequence, the segment result improved from €-3.09 to €-1.00 million, but still fell short of expectations. The resulting net loss for the year for the **discontinued *Software* division** amounted to €1.44 million (previous year: €1.89 million).

Earnings before taxes of the entire **GFT Group including the discontinued *Software* division** remained almost unchanged at €6.82 million, compared to €6.93 million in the previous year. Total net income for the year including the net loss of the *Software* segment amounted to €4.74 million in 2009 (previous year: €6.02 million).

Financial position

In accordance with IFRS 5, the figures presented below in the section »Financial position« include the discontinued *Software* division.

The financial position of the GFT Group remained stable and at a very high level once again in 2009. At €38.80 million the **level of liquid cash and securities** as at 31 December 2009 improved by €3.61 million (previous year: €35.19 million) compared to the previous year. Liquid funds amounted to €36.2 million (previous year: €33.01 million). These were not opposed by any current financial liabilities, in contrast to an amount of €0.15 million in the previous year.

Cash flows from operating activities fell by 29% from €9.20 million in the previous year to €6.57 million. This decline resulted mainly from lower net income and higher working capital as of the balance sheet date, compared to the previous year.

Cash flows from investing activities were more than halved in the period under review. As a result of more cautious capital expenditure, the amount was reduced from €-1.81 million to €-0.75 million. As in previous years, GFT focused on investments in equipment, such as IT infrastructure and work stations.

Cash flows from financing activities amounted to €-2.63 million. The change resulted almost entirely from the dividend payment in 2009 for the financial year 2008.

Asset position

In accordance with IFRS 5, the amounts disclosed in the section »Asset position« only refer to continued operations. Discontinued operations are disclosed in a single item on both the assets and liabilities sides of the balance sheet. There is no separate disclosure of the discontinued *Software* division in financial year 2008.

The **balance sheet total** of the GFT Group as at 31 December 2009 fell by €0.12 million to €113.38 million (previous year: €113.50 million).

On the assets side, there was a shift within **current assets** between liquid funds and trade receivables. The latter decreased by €2.36 million to €41.76 million, compared to €44.12 million in the previous year. Liquid cash (including securities) increased by €2.52 million to €37.71 million (previous year: €35.19 million) due to the net income for the period in combination with a more restrictive expenditure policy in 2009.

As at 31 December 2009, **non-current assets** amounted to €29.78 million (previous year: €31.33 million). The change was mainly the result of reduced tangible assets and a decrease in deferred tax assets.

There were no significant changes on the liabilities side. At the end of 2009, the GFT Group had **equity** of €65.75 million (previous year: €63.17 million). The balance sheet loss was reduced by €0.40 million to €-11.00 million. The equity ratio increased by 2 %-points to 58%.

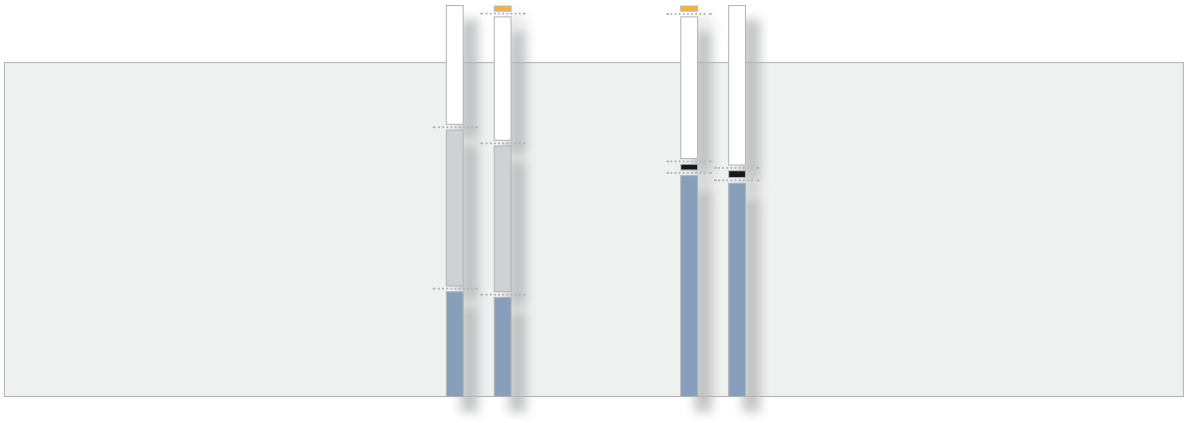
At €1.94 million as of 31 December 2009, **non-current liabilities** once again accounted for only a minor share of total liabilities in the past financial year (previous year: €2.37 million).

Current liabilities decreased by €3.93 million to €44.02 million (previous year: €47.95 million), whereby the reduction in trade payables accounted for €2.82 million of this amount. At €23.28 million, trade payables represented the largest share of current liabilities at the end of 2009. On the balance sheet date of the previous year, trade payables amounted to €26.10 million.

Capital cover, the key gauge of a solid balance sheet structure, was improved once again. 221% of non-current assets were covered by equity at year-end 2009, compared to 202% in the previous year.

The balance sheet total for 2009 of €113.38 million also includes assets of the **discontinued *Software* division** amounting to €2.05 million. The liabilities side of the 2009 balance sheet contains items of the discontinued *Software* division totalling €1.67 million. As already mentioned, the assets and liabilities items of the discontinued *Software* division for 2008 are included in the figures above.

Group balance sheet structure



ASSETS € million	**2008**	**2009**	**2009**	**2008**	**LIABILITIES** € million
Software segment		2.05	1.67		*Software* segment
Cash and Securities	35.19	37.70	44.02	47.95	Current liabilities
Other current assets	46.98	43.85	1.94	2.38	Non-current liabilities
Non-current assets	31.33	29.78	65.75	63.17	Equity capital
	113.50	**113.38**	**113.38**	**113.50**	

Employees

In accordance with IFRS 5, figures for the *Software* segment are stated separately. The employees of this segment are therefore not included in the total figures. In order to aid comparison, the figures of the previous year have been adjusted accordingly. The number of employees is calculated on the basis of full-time staff. Part-time staff are included on a pro rata basis.

As at 31 December 2009, the GFT Group employed a total of 1,096 people (previous year: 969). In comparison with the previous year, the workforce grew by 127 employees or by 13.11%. This increase resulted to a large extent from the takeover of staff as part of an outsourcing project started in late 2009. These new employees are attributed to the *Services* segment, which grew by 152 to 980 employees compared to 31 December 2008. In the *Resourcing* division, the number of employees fell from 104 to 80 persons. Staff employed by the holding company are attributed to the »Others« category. This figure remained virtually unchanged at 36 (previous year: 37). A total of 48 people were employed in the *Software* segment, ten fewer than at year-end 2008.

Employees by segment

	2009	2008
Services	980	828
Resourcing	80	104
Others	36	37
	1,096	**969**
Software	48	58

The average number of people employed by the GFT Group in 2009 as a whole amounted to 1,003, compared to 976 in 2008. In comparison with year-end 2008, the number of freelancers employed at the end of 2009 fell by 137 to 1,147. This decrease was in line with falling revenue in the *Resourcing* segment.

GFT's personnel development activities in 2009 focused above all on the aspects of internationality and qualifications. The GFT Group employs staff from a total of 44 different nations. 22% of the total workforce are employed in Germany and 78% abroad. In order to reap sustainable benefits from this diversity, GFT established a range of programmes in 2009 to develop the professional, linguistic and social competencies of its employees. With the introduction of the GFT Career Model, the company has created transparent and comparable conditions for the individual development of all GFT employees around the world. Depending on the particular job and qualification profile, employees can choose from five different career paths. These include training, mentoring programmes and the definition of personal targets. In addition, GFT has launched an initiative to recruit and develop young managers: the GFT High Potential Programme. The aim is to establish an internal network of staff from different management levels and experts with specialist knowledge.

The »Services Academy« set up in 2009 also provides a platform for the long-term development and continual training of staff in the *Services* segment. Training and development measures for the entire Group are pooled here.

Employees by region

	2009	2008
Germany	239	254
Abroad	857	715
	1,096	**969**
Foreign share in %	78	74

Research and development

The GFT Group invested far less in the field of research and development in 2009 than in the previous year. The respective expenditure fell from €2.26 million to €1.59 million. By far the largest share of this total (98% or €1.57 million) was accounted for by personnel costs (previous year: 98% or €2.22 million).

Research and development activities once again focused on optimising software development processes within the GFT Group. In the *Services* segment, the company has been working since 2005 on further developing its project management for software and system development according to the internationally recognised CMMI® (Capability Maturity Model Integration) standard. After the Spanish and Brazilian development centres achieved the level-3 quality requirements in 2008, the main focus in 2009 was placed on maintaining and expanding this status. This underlines GFT's global quality drive.

The second main area of focus in 2009 was the further development and expansion of GFT's internal information platform. This service for all GFT employees was further improved in the past year with new functionalities and additional content.

Subsequent events

No events occurred after the balance sheet date as at 31 December 2009 that are of major significance to GFT.

Opportunity and risk report

GFT's objective is to achieve sustainable growth and enhance the company's value. The company's risk management system has been aligned correspondingly. Identifying risks as accurately as possible, assessing them in a responsible manner, closely monitoring them and taking suitable steps to avoid them, makes such risks manageable and controllable for GFT. This requires binding principles, organisational structures and measurement and monitoring processes precisely aligned with the highly diverse activities of the GFT Group's three business divisions: *Services, Resourcing* and *Software.*

Correspondingly detailed measures to prevent risk are also the prerequisite for fully exploiting those opportunities which result from the risks involved in GFT's business activities. The financial market crisis in particular underlined once again the necessity to continually develop our existing risk management structures.

Opportunity and risk management at GFT

The GFT Group's risk management system is an integral part of its business processes and decisions and thus embedded into group-wide planning and controlling processes. A number of coordinated risk management and control systems ensure that critical risks for the company are recognised as early as possible and that opportunities are efficiently utilised. GFT's risk management system is organised decentrally. Risks are regularly determined, assessed and analysed across all hierarchy levels. All managers are integrated into the company-wide risk policy and respective reporting system. This includes the Executive Board as well as the General Managers of Group subsidiaries and those responsible for processes and projects.

The Risk Management Steering Committee coordinates the various bodies throughout the company and ensures that management is provided swiftly with the necessary information. It is led by the Chief Financial Officer and is responsible for the continual analysis of GFT's risk profile and for the corresponding control mechanisms. Regular meetings of the various bodies within the GFT Group guarantee that information is exchanged between the operative and central divisions across all levels, locations and countries.

One member of the committee, the Risk Management Officer, serves as 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. In order 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, the Risk Management Officer defines uniform standards and ensures that similar risk management processes are applied in the three business divisions.

Regular analysis of financial figures relating to the business development of the segments and the international affiliates is used to anticipate, identify and assess possible deviations from expected developments as early as possible and to take appropriate countermeasures. The Internal Audit department also monitors the individual Group companies and projects within the scope of its audits and special audits. The respective divisional managers play a significant role in assessing the relevance of risks for GFT. In addition, the structure and function of the risk early recognition system is also subjected to checks by the external auditor.

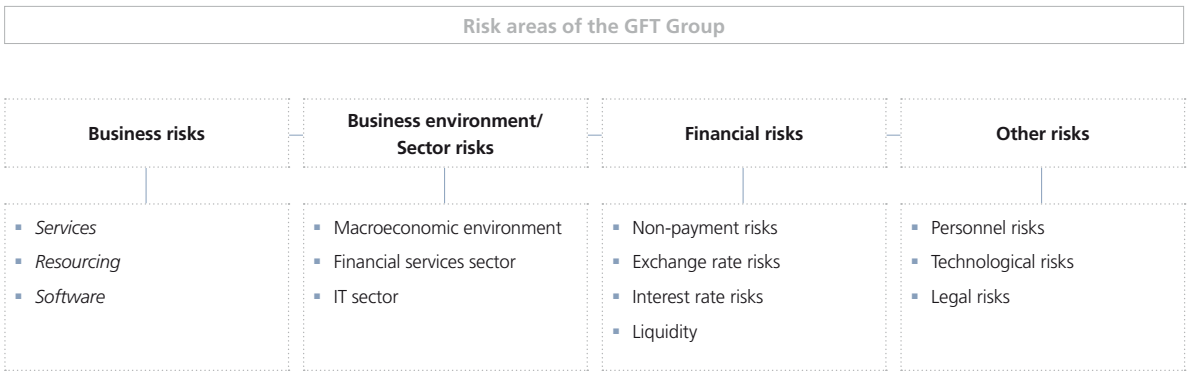
Risk areas of the GFT Group

Business risks

GFT individually analyses the business risks for each of the three segments *Services, Resourcing* and *Software*. This enables the company to take full account of their highly divergent business models and the corresponding differences in their risk structures.

- ***Services***

Activities in GFT's *Services* division are mainly tailored to clients in the financial services industry. Due to the still noticeable effects of the financial market crisis, many banks and insurance companies are reluctant to make new investments in their IT systems. Should this reluctance continue, it may have a negative effect on the development of GFT's revenue and earnings.



This risk is countered to some extent, however, by the fact that GFT is mainly involved in the core applications of its long-term clients. Financial service providers continue to invest in this area in order to optimise their long-term corporate processes with the aid of modern IT solutions.

These close and enduring customer relationships are also a competitive advantage which GFT enjoys over strong national and international competitors in the IT services market. On the one hand, the company knows the respective IT projects of its clients and boasts extensive sector expertise, while on the other hand GFT can build on these close client relationships when acquiring new projects. Long-term contracts and sustained project controlling safeguard revenue and earnings from client projects.

The success of large-scale and complex IT projects such as those realised by GFT crucially hinges on implementing them with a high degree of quality at the agreed budget and on the scheduled date. To prevent deviations from planning, GFT has also established detailed and binding specifications for both the preparation of the offer and for 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 see steady demand for the placement of external IT specialists. Although the economic crisis led to companies reducing freelance staff – before having to resort to measures such as short-time work or redundancies – this hardly affected the highly skilled specialists which GFT focuses on placing. However, should demand for IT experts fall, revenue and earnings of the GFT Group may be adversely affected. Conversely, rising demand would also lead to a fast increase in revenue and earnings. Around 58% of our revenue in the *Resourcing* segment is generated from five major clients. Restrained demand from these clients would have an impact on revenue, but less of an effect on income, as placement and material costs are only incurred if an order is placed.

- ***Software***

With a proportion of total revenue of just 2%, the *Software* segment plays only a complementary role in the GFT Group's portfolio. The ongoing economic difficulties have led to a reduced propensity to invest among companies and thus to a corresponding risk for revenue and earnings. In order to avoid further risks, it would be necessary to focus more strongly on this business division. However, this would not be in line with the GFT Group's portfolio of services. The aim is therefore to sell this intrinsically promising business to an interested buyer.

Business environment/Sector risks

- **Macroeconomic environment**

Macroeconomic risks result from the overall economic situation, the general propensity to invest and market price developments. Should the adverse macroeconomic conditions continue, companies tend to introduce cost-cutting measures which in turn lead to a low propensity to invest. This trend among clients also impacts the business of GFT.

- **Financial services sector**

Financial service providers are a major target group for the services of GFT and currently account for around 66% of total revenue (previous year: 66%). The share of revenue with the largest clients in this industry came to approximately 35% in 2009 (previous year: 34%). GFT focuses mainly on projects connected with the core applications of its clients – an area in which companies also invest in uncertain economic climates. The Group makes consistent and targeted efforts to broaden its client base in order to keep market risks to a minimum.

- **IT sector**

GFT competes with a number of national and international companies in the IT services and software markets. GFT is working hard to meet the requirements of its clients by taking an anticipatory approach, expanding its portfolio of services and utilising its inherent competitive advantages with the aid of innovative solutions. The company also benefits from its focus on certain sectors and the detailed knowledge it gains with regard to client processes. Its Global Delivery Model offers further competitive advantages. GFT continually observes the market in order to flexibly adapt its portfolio of services where necessary.

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* segment, 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). If the proportion of these transactions increases, exchange rate risks are carefully monitored by the company. 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 the past few years.

- **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 investments in securities, GFT is subject to the usual market risks in respect of interest rate changes, issuer creditworthiness, and share price risks of the capital markets. Interest-bearing, derivative financial instruments are not used for hedging purposes at present due to the low amount of securities held. There are also no outstanding loans at present which might require hedging, e.g. with the aid of interest swaps.

- **Liquidity**

The continuing good liquidity and equity base once again safeguarded the financial independence of the GFT Group in 2009. No loans were taken out in 2009.

The financial risks of the GFT Group can be regarded as very low. As a consequence, no financial instruments are currently in use to hedge against such risks. Potential risks are permanently and closely monitored by the Group Consolidation & Treasury department. According to needs, and as in the past, derivative financial instruments are used to hedge against exchange rate or interest rate risks.

Other risks

- **Personnel risks**

Highly qualified and motivated employees are a key success factor for GFT. In order to recruit suitably qualified staff for vacancies and ensure the long-term retention of competent employees, GFT positions itself as an attractive employer. The corresponding measures to achieve this include attractive remuneration systems, individual career models and an interesting working environment geared to the respective employee's personal qualifications.

- **Technological risks**

GFT is exposed to the risk of rapidly advancing technological development, especially in the *Services* and *Software* segments. GFT's future market success as a leader in technology and innovation depends on how successful the Group is at recognising technological trends early on and reacting accordingly. GFT observes market developments, prepares and evaluates trend analyses and conducts research and development. In the IT business, GFT relies on the efficient and reliable operation of its own IT systems and their constant availability. Qualified, internal experts are responsible for the service, maintenance and optimisation of the Group's IT infrastructure. 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 almost completely exclude unauthorised access to key data or the loss of such data.

- **Legal risks**

The relationship between GFT and its clients is regulated by contracts. Specimen contracts are used which 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 this way, 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 are limited to a reasonable 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 requires additional coordination with the Executive Board and a corresponding resolution.

Accounting-related risk management system and internal control system

The following describes the main features of the internal control and risk management system in respect of the **consolidated accounting process** in accordance with section 315 (2) No. 5 of the German Commercial Code (Handelsgesetzbuch – HGB) in the version of the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz – BilMoG).

The consolidated accounting process comprises the annual financial statements of the consolidated domestic and foreign companies according to local accounting standards, the adjustment to standard group accounting methods according to IFRS, and consolidation measures with regard to all components of the consolidated financial statements and the Group management report. The respective structures and processes which have been implemented also include the risk management system and internal control measures with regard to the consolidated accounting process.

The aim of our risk management system is to identify, assess and control all risks which may hinder the preparation of our consolidated financial statements in accordance with the relevant regulations. Recognised risks are to be assessed with regard to their influence on the consolidated

financial statements. It is the task of the accounting-related internal control system to safeguard the compliant preparation of annual financial statements by implementing the corresponding principles, procedures and controls.

Our risk management system and internal control system comprise all departments and subsidiaries of significance for the consolidated financial statements and all processes relevant to the preparation of annual financial statements. Whereas the local annual financial statements for the consolidated subsidiaries are prepared by the respective companies, the reconciliation of annual financial statements with group-wide accounting and measurement methods according to IFRS, consolidation measures and the preparation of consolidated financial statements are conducted centrally by GFT AG.

Key elements of risk management and control in the accounting process include a clear allocation of responsibilities and controls in the preparation of annual financial statements, as well as transparent regulations in the form of accounting guidelines and centrally determined Reporting Packages. Further important control principles in the accounting process include the »four-eye principle« and a clear separation of functions.

The Executive Board has overall responsibility at Group level for the organisation of the internal control system. The coordinated sub-systems of the internal control system are the responsibility of the Controlling/Risk Management, Compliance and Corporate and Local Accounting departments. The Internal Audit department regularly checks the internal control system with the aid of effectiveness tests.

Overall risk assessment

GFT believes that in general there are no risks at present that might jeopardise the company's future existence. No permanent or substantial impairment of the asset, financial or earnings situation of the company is expected. The early warning system for the detection of risks implemented by the GFT Group is constantly evolving and will be reviewed by the external auditor in accordance with statutory requirements.

Takeover-relevant information and remuneration system

Information pursuant to section 315 (2) No. 4 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 performance-based components 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 €1.56 million (previous year: €1.24 million). On 23 May 2006, the Annual General Meeting of GFT AG (Company) 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 composed exclusively of fixed compensation. 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, remuneration for members of the Supervisory Board totalled €81 thousand (previous year: €83 thousand). 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.

Information pursuant to section 315 (4) HGB

Structure of the share capital (No. 1): As at 31 December 2009 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 2009, the company is aware of the following direct equity participations that exceed 10% of the voting rights: Mr. Ulrich Dietz (Chairman of the Executive Board) holds 28.46% of GFT shares (previous year: 28.46%).

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 German Stock Corporation Act. Reference is made to these provisions. The Annual 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.

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.

Conditional Capital II/2007
A conditional increase in share capital (Conditional Capital II/2007) of up to €7,500,000.00 was authorised, through the issuance of a maximum of 7,500,000 bearer shares with dividend rights as of the beginning of the financial

year in which they are issued. 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 German Stock Corporation Act, if one of the exceptional circumstances regulated therein is present. The Annual General Meeting of 9 June 2009 adopted a resolution authorising the purchase of company shares pursuant to section 71 (1) No. 8 of the German Stock Corporation Act in the period ending 8 November 2010. The company was authorised to purchase own shares up to a total of 10% of share capital as at the time of the resolution. The authorisation may be exercised once or several times and in full or in partial amounts. However, the own shares purchased on the basis of this authorisation, together with those own shares already held by the company or attributed to it pursuant to sections 71a German Stock Corporation Act et seq. may at no time exceed 10% of the respective share capital. The purchase of own shares is made via the stock exchange or as part of a public purchase offer made to all shareholders by the company. The sale of purchased own shares must always be made via the stock exchange or by means of a public offer made to all shareholders. The company was authorised, however, to employ a different selling method, should this be necessary in the company's interests, in order to use the shares as follows:

(i) to use own shares as an acquisition currency in the purchase of companies or company divisions by the company;

(ii) to offer the corresponding shares for purchase to employees of the company and companies affiliated with the company as defined by section 15 German Stock Corporation Act. The Executive Board was also authorised, with the approval of the Supervisory Board, to cancel own shares without any further resolution of the Annual General Meeting.

The Executive Board can therefore buy back own shares pursuant to the legal provisions of section 71 (1) of the German Stock Corporation Act under the requirements therein regulated and in particular as part of the authorisation pursuant to section 71 (1) No. 8 of the German Stock Corporation Act.

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 respect of the employment contracts with Executive Board members, which must be taken into account when 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 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.

Forecast report

Macroeconomic development

The recovery of the global economy which was already becoming apparent in the second half of 2009 appears to be continuing in 2010. The IMF has significantly upgraded its forecast for global economic growth. The organisation now expects growth of 3.9% for 2010. In mid 2009, the IMF was still forecasting 3.1%. For Germany, the IMF's economists now expect growth of 1.5%, compared to their previous forecast of 0.3%.

The indicator of global business confidence regularly published by the ifo Institute also rose in the first quarter of the current year, for the fourth time in succession. The institute interprets this as a clear sign of global economic recovery.

At the beginning of the year, however, the global economy still finds itself in a period of transition. It is uncertain how enduring and self-supporting the recovery will be. Economists still expect considerable regional differences with regard to the strength and pace of the upturn in 2010. Although a major step out of recession has now been taken, economists nevertheless believe that various factors still threaten a sustainable economic recovery. It is expected, for example, that rising unemployment and the related pressure on consumer spending will slow economic growth in many regions. High public sector deficits will also necessitate a consolidation of state budgets. Cost savings and the end of state stimulus programmes may hamper global growth if they are effected too quickly and indiscriminately.

Sector development

According to estimations in March 2010 of the Federal Association for Information Technology, Telecommunications and New Media (BITKOM e.V.), the mood on the ICT market has brightened considerably since the beginning of the year. A survey conducted by the high-tech association found that 57% of all IT companies expect growth in the current year, while 17% expect stable business. The German Information and Communication Technology industry (ICT) has been less affected by the financial market crisis than other sectors. The association believes that the investment backlog for IT solutions is gradually being cleared. The financial sector in particular is expected to invest heavily, as will energy suppliers and the public sector.

Suppliers of IT services and software will benefit most from this development. BITKOM forecasts growth of 2.2% to €33 billion in 2010 for IT services, such as outsourcing or maintenance. In the following year, growth may be as strong as 5%. As a consequence, IT services will grow in importance as a vital interdisciplinary technology for companies in all industries. For the IT market as a whole, BITKOM forecasts growth of 3.8% for 2011.

Revenue and earnings forecast

The business development of the GFT Group in 2010 will reflect the challenges and opportunities of an economic recovery. Although the market environment in certain areas will still be marked by restrained demand, we expect that in general we can take a further step towards sustainable growth. In order to achieve this aim, we shall continue to exploit the specific opportunities offered by our *Services* and *Resourcing* divisions. At the same time, we see growth potential in the synergies which the two business fields can generate.

In 2010, the *Services* business division will benefit greatly from more stable financial markets. Above all, we expect that the growing demand for outsourcing services which help companies to reduce costs and raise efficiency will have a positive impact on the development of revenue.

Even though the financial markets appear to have largely recovered, cost savings will remain firmly on the agenda of many institutes in 2010. The growing demand for investment banking solutions and IT solutions for regulatory compliance will give the *Services* segment a considerable boost.

The noticeable investment backlog of the past year will gradually be cleared in many areas. Financial institutes are expected to invest heavily in core banking systems and customer management while at the same time addressing new topics, such as Mobile Finance. On the basis of this development, we expect revenue growth in the *Services* division of more than 15% with a profit margin similar to that of the previous year.

The *Resourcing* division is not expected to feel the full benefit of the economic recovery until the middle of the year or in the third quarter of 2010. We believe that during the course of the year companies will want to utilise the high degree of flexibility which this business model offers in a still largely uncertain market environment. The demand for freelance IT specialists in all industries and nations will therefore be dominated by the cost savings measures of our clients. However, we expect that the *Resourcing* division will return to growth as soon as the upturn has become more stable. Against this backdrop, the GFT Group therefore expects revenue and operating margin in the *Resourcing* division to remain at the previous year's level.

The *Software* division, which greatly improved earnings in the period under review with the aid of successful efficiency enhancement measures, is to be sold as planned in the second quarter of 2010.

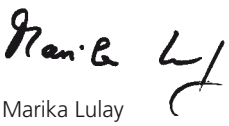
In view of the noticeable improvement in demand from the financial sector in late 2009, the GFT Group expects that its positive business development will continue in 2010. Thanks to our attractive range of services, strong customer retention and proven business model, we will grasp the opportunities resulting from economic recovery swiftly and effectively. We have defined clear growth fields. At the same time, however, we are aware of the uncertainties still to be expected in 2010 and will uphold our forward-looking and responsible business policy while continuing our stringent cost management. On this basis, we expect total revenue of the GFT Group to reach €230 million in the current year, with earnings before taxes of between €8 and €9 million. 2010 will be a milestone for the GFT Group on its path to sustainable growth.

Stuttgart, 5 March 2010

GFT Technologies Aktiengesellschaft

The Executive Board

Ulrich Dietz
Executive Board (Chairman)



Marika Lulay
Executive Board

Dr. Jochen Ruetz
Executive Board

CONSOLIDATED BALANCE SHEET

as at 31 December 2009
GFT Technologies Aktiengesellschaft, Stuttgart

Assets

€	Notes	31.12.2009	31.12.2008	01.01.2008
Non-current assets				
Intangible assets				
Licences, industrial property rights and similar rights	1	364,535.53	476,845.48	873,656.13
Goodwill	1	20,365,010.57	20,365,010.57	20,365,010.57
		20,729,546.10	20,841,856.05	21,238,666.70
Tangible assets				
Other equipment, office and factory equipment	2	2,044,691.89	2,431,692.29	2,615,952.56
Construction on foreign property	2	146,776.26	194,461.94	0.00
		2,191,468.15	2,626,154.23	2,615,952.56
Financial assets				
Financial assets, accounted for using the equity method	3	36,165.05	40,096.56	0.00
Investments	3	0.00	0.00	0.00
		36,165.05	40,096.56	0.00
Other financial assets	6	349,408.58	375,844.99	344,460.19
Current profits tax assets	10	655,816.14	737,781.01	750,815.88
Deferred tax assets	10	5,813,304.61	6,704,066.98	5,943,048.58
		29,775,708.63	**31,325,799.82**	**30,892,943.91**
Current assets				
Inventories	5	0.00	6,602.50	9,052.66
Trade receivables	5	41,757,487.92	44,122,891.38	47,947,226.08
Securities	7	2,235,800.00	2,177,744.00	3,002,421.87
Current tax assets	10	204,920.81	1,172,024.61	1,146,047.05
Cash and cash equivalents	7	35,471,848.76	33,014,913.43	25,699,209.08
Other financial assets	6	359,484.09	442,530.59	1,368,422.14
Other assets	6	1,526,690.38	1,233,650.53	1,866,625.09
		81,556,231.96	**82,170,357.04**	**81,039,003.97**
Non-current assets and disposal groups held for sale	VII	2,049,496.73	0.00	0.00
		83,605,728.69	82,170,357.04	81,039,003.97
		113,381,437.32	**113,496,156.86**	**111,931,947.88**

Liabilities

€	Notes	31.12.2009	31.12.2008	01.01.2008
Shareholders´equity				
Equity attributable to equity holders of the parent				
Share capital	8	26,325,946.00	26,325,946.00	26,325,946.00
– Conditional Capital €8,280,000.00 (previous year €8,280,000.00)				
Capital reserve	8	42,147,782.15	42,147,782.15	42,147,782.15
Retained earnings				
Other retained earnings	8	8,543,349.97	6,843,349.97	2,343,349.97
Changes in equity not affecting net income				
Foreign currency translations	8	140,577.64	-32,434.45	34,331.96
Reserve of market assessment for securities	8	-410,420.00	-708,080.00	-196,300.00
Consolidated balance sheet loss	8	-10,995,236.23	-11,403,899.20	-12,925,134.60
		65,751,999.53	63,172,664.47	57,729,975.48
Interests of non-controlling equity holders	8	0.00	0.00	0.00
		65,751,999.53	**63,172,664.47**	**57,729,975.48**
Liabilities				
Non-current liabilities				
Provisions for pensions	9	457,472.44	963,076.09	853,036.00
Other provisions	11	879,895.84	969,299.00	1,422,721.12
Other liabilities	12 14	0.00	47,887.12	2,404.22
Deferred tax liabilities	10	601,198.65	392,204.10	564,461.71
		1,938,566.93	2,372,466.31	2,842,623.05
Current liabilities				
Other provisions	11	13,568,351.01	12,293,780.88	13,696,366.78
Current income tax liabilities	10	1,170,106.70	1,384,108.10	1,050,674.39
Financial liabilities	12 13	0.00	150,000.00	150,000.00
Trade payables	12	23,277,976.61	26,100,329.27	28,915,694.45
Other financial liabilities	12 14	1,081,762.34	1,080,353.04	483,065.36
Other liabilities	12 14	4,917,947.45	6,942,454.79	7,063,548.37
		44,016,144.11	47,951,026.08	51,359,349.35
Liabilities directly associated with non-current assets and disposal groups held for sale	VII	1,674,726.75	0.00	0.00
		45,690,870.86	47,951,026.08	51,359,349.35
		47,629,437.79	**50,323,492.39**	**54,201,972.40**
		113,381,437.32	**113,496,156.86**	**111,931,947.88**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2009 to 31 December 2009
GFT Technologies Aktiengesellschaft, Stuttgart

Partial Statement Affecting Net Income: Consolidated Income Statement

€	Notes	2009	2008
Revenue	16	216,807,880.62	236,618,368.10
Other operating income	17	1,957,219.01	2,636,311.85
Other capitalised service		0.00	116,789.46
		218,765,099.63	239,371,469.41
Cost of materials:			
a) Expenses for raw materials and supplies and for purchased goods	18	34,940.19	39,816.00
b) Costs of purchased services	18	130,411,202.53	148,287,589.13
		130,446,142.72	148,327,405.13
Personnel expenses:			
a) Salaries and wages	18	51,971,583.72	51,400,890.62
b) Social security and expenditures for retirement pensions	9 18	10,552,409.19	10,578,135.48
		62,523,992.91	61,979,026.10
Depreciation on non-current intangible assets and of tangible assets	19	1,206,850.93	1,545,530.83
Other operating expenses	20	17,251,757.96	18,439,354.49
Result from operating activities		**7,336,355.11**	**9,080,152.86**
Income from participations		0.00	20,000.00
Other interest and similar income	22	548,830.87	909,062.25
Expenses for investments in associates		3,931.51	42,825.82
Depreciation on securities	19 7	0.00	312,000.00
Interest and similar expenses	22	24,494.15	35,196.09
Financial result		520,405.21	539,040.34
Earnings before taxes		**7,856,760.32**	**9,619,193.20**
Taxes on income and earnings	10	1,671,325.49	1,706,691.15
Net income from continued operations		6,185,434.83	7,912,502.05
Net loss from discontinued operations	VII	-1,444,177.26	-1,891,266.65
Net income		**4,741,257.57**	**6,021,235.40**
– attributable to non-controlling equity holders	8	0.00	0.00
– attributable to equity holders of the parent (consolidated net income)	8	4,741,257.57	6,021,235.40
Loss carried forward from previous year		-14,036,493.80	-12,925,134.60
Allocations to retained earnings			
– to other retained earnings	8	-1,700,000.00	-4,500,000.00
Consolidated balance sheet loss		**-10,995,236.23**	**-11,403,899.20**
Net earnings per share – undiluted	25	0.18	0.23
Net earnings per share – diluted	25	0.18	0.23
Net earnings per share from continued operations – undiluted	25	0.23	0.30
Net earnings per share from continued operations – diluted	25	0.23	0.30

Partial Statement Not Affecting Net Income: Consolidated Income Statement

€	Notes	2009	2008
Net income		**4,741,257.57**	**6,021,235.40**
Financial assets available for sale (securities):			
– Change of fair value recognised in equity during the financial year	7 15	319,500.00	-508,700.00
– Reclassification amounts to the income statement		0.00	0.00
		319,500.00	-508,700.00
Exchange differences on translating foreign operations:			
– Profits/losses during the financial year	15	173,012.09	-79,562.01
– Reclassification amounts to the income statement		0.00	12,795.60
		173,012.09	-66,766.41
Income taxes on components of other result	15	-21,840.00	-3,080.00
Other result		470,672.09	-578,546.41
Total result		**5,211,929.66**	**5,442,688.99**
– thereof attributable to non-controlling shareholders	8	0.00	0.00
– thereof attributable to shareholders of parent company	8	5,211,929.66	5,442,688.99

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 December 2009
GFT Technologies Aktiengesellschaft, Stuttgart

€	Subscribed capital	Capital reserve	Retained earnings
			Other retained earnings
As at 01.01.2008	**26,325,946.00**	**42,147,782.15**	**2,343,349.97**
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**	**6,843,349.97**
Dividend payment			
Total income and expenses for financial year 2009			
Allocations to retained earnings			
– to other retained earnings			1,700,000.00
As at 31.12.2009	**26,325,946.00**	**42,147,782.15**	**8,543,349.97**

Further details on the Consolidated Statement of Changes in Equity are provided in points 8 and 15 of the Notes to the Consolidated Financial Statements.

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				
34,331.96	**-196,300.00**	**-12,925,134.60**	**57,729,975.48**	**0.00**	**57,729,975.48**
-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**
		-2,632,594.60	-2,632,594.60	0.00	-2,632,594.60
173,012.09	297,660.00	4,741,257.57	5,211,929.66	0.00	5,211,929.66
		-1,700,000.00	0.00	0.00	0.00
140,577.64	**-410,420.00**	**-10,995,236.23**	**65,751,999.53**	**0.00**	**65,751,999.53**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 December 2009
GFT Technologies Aktiengesellschaft, Stuttgart

€	2009	2008
Net income	4,741,257.57	6,021,235.40
Depreciation on non-current intangible and tangible assets as well as financial assets	1,278,128.99	1,643,990.81
Changes in provisions	1,897,000.04	-1,732,680.04
Other non-cash expenses/income	-159,607.94	555,377.71
Loss from the disposal of long-term tangible and intangible assets as well as financial assets	6,800.67	314,608.81
Changes in trade receivables	1,903,654.39	3,824,334.70
Changes in other assets	1,335,947.69	686,437.92
Changes in trade liabilities and other liabilities	-4,436,345.42	-2,118,248.18
Cash flow from operating activities [1]	**6,566,835.99**	**9,195,057.13**
Cash receipts from sales of tangible assets	21,570.17	11,560.60
Cash payments to acquire tangible assets	-611,969.12	-1,226,865.86
Cash receipts from sales of non-current intangible assets	0.00	41.00
Cash payments to acquire non-current intangible assets	-143,646.71	-420,175.06
Sale of consolidated companies net of cash and cash equivalents disposed of	-15,652.64	-174,067.05
Cash flow from investing activities	**-749,698.30**	**-1,809,506.37**
Cash payments for repayments of bonds/loans	-150,000.00	0.00
Payments to shareholders	-2,632,594.60	0.00
Other changes in equity and minority interest	151,172.09	-69,846.41
Cash flow from financing activities	**-2,631,422.51**	**-69,846.41**
Change in cash funds from cash-relevant transactions	3,185,715.18	7,315,704.35
Cash funds at the beginning of the period	33,014,913.43	25,699,209.08
Cash funds at the end of the period	**36,200,628.61**	**33,014,913.43**

[1] Cash flow from operating activities contains cash flow from income taxes of €-398 thousand (net pay-out; previous year: €-1,870 thousand). Cash flow from operating activities also contains cash flow from interest paid of €304 thousand (previous year: €40 thousand) and cash flow from interest received of €567 thousand (previous year: €909 thousand).

Further details on the Consolidated Cash Flow Statement are provided in point 24 of the Notes to the Consolidated Financial Statements. The breakdown into continued and discontinued operations can be seen in point VII. of the Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2009
GFT Technologies Aktiengesellschaft, Stuttgart

General data and methods

I. General information

The Consolidated Financial Statements of GFT Technologies Aktiengesellschaft (»GFT AG«) as at 31 December 2009 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 GFT AG as at 31 December 2009 are 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 Euro. As far as amounts are rounded to thousand euros (€ thousand) or million euros (€ million), this is noted. The income statement was prepared pursuant to the total cost method. The Consolidated Financial Statements were released for publication by the Executive Board of GFT AG on 5 March 2010; the Supervisory Board of GFT AG will decide on the adoption of the Consolidated Financial Statements on 22 March 2010.

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 Filderhauptstrasse 142, 70599 Stuttgart, Germany. GFT AG is the ultimate parent company of the GFT Group.

II. Effects of new or changed accounting standards

Accounting standards applied for the first time in the fiscal year 2009

Due to the amended standard IAS 1 »Presentation of Financial Statements«, GFT adapted the presentation and structure of items in its Consolidated Financial Statements, including those of the previous year, to the new disclosure requirements. The adjustments mainly affect the presentation of the Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity.

As of the beginning of the financial year 2009, segment reporting is made in accordance with IFRS 8 »Operating Segments«, which replaces the previously applied standard IAS 14 »Segment Reporting«. As a consequence, information on the business segments is now based on internal reporting. In the Consolidated Financial Statements as at 31 December 2009, the figures for the previous year have been adjusted to the amended reporting format.

The amendments to IFRS 7 »Financial Instruments: Disclosures« require extended disclosures on financial instruments measured at fair value. Additional disclosures are also required regarding liquidity risks. The most important amendments to IFRS 7 are in particular that a 3-level hierarchy is used to show how fair value was measured. Quoted prices for similar instruments represent the highest level of the hierarchy. Fair values measured using inputs not based on observable market data are the lowest level of the hierarchy. Financial instruments measured on this basis also require additional disclosures.

The table below presents those pronouncements and amendments released by the IASB for initial application in financial year 2009 which had no or only minor effect on the presentation of the assets, financial and earnings position, nor on the cash flows of the GFT Group:

Standard/Interpretation	
IFRS 1	First-time Adoption of IFRS (Revised)
IFRS 2	Share-based Payment (Amendment)
IAS 23	Borrowing Costs (Amendment)
IAS 32	Financial Instruments: Presentation (Amendments)
IAS 39	Financial Instruments: Recognition and Measurement (Amendment Reclassification of Financial Assets: Effective Date and Transition)
Various	Improvements to IFRSs (of May 2008)
IFRS 1, IAS 27	Amendments to IFRS 1 and IAS 27
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 18	Transfers of Assets from Customers
IFRIC 9	Reassessment of Embedded Derivatives (Amendments)

Published, 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 financial year 2009.

Standard/Interpretation		Applicable to financial years from	Planned first application at GFT from
IFRS 1	First-time Adoption of IFRS (Amendments) [1, 2]	1 January 2010 and 1 July 2010	1 January 2010 and 1 January 2011
IFRS 1	First-time Adoption of IFRS (Revised) [1]	1 July 2009	1 January 2010
IFRS 2	Share-based Payment (Amendment) [1, 2]	1 January 2010	1 January 2010
IFRS 3	Business Combinations (Revised) [1]	1 July 2009	1 January 2010
IFRS 9	Financial Instruments [2, 3]	1 January 2013	1 January 2013
IAS 24	Related Party Disclosures (Revised) [1, 2]	1 January 2011	1 January 2011
IAS 27	Consolidated and Separate Financial Statements according to IFRS (Amendments) [1]	1 July 2009	1 January 2010
IAS 32	Financial Instruments: Presentation (Amendments) [1]	1 February 2010	1 January 2011
IAS 39	Financial Instruments: Recognition and Measurement (several amendments) [1]	1 July 2009 and 1 January 2010	1 January 2010
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments) [1, 2]	1 January 2011	1 January 2011
IFRIC 17	Distributions of Non-Cash Assets to Owners [1]	1 July 2009	1 January 2010
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments [1, 2]	1 July 2010	1 January 2011
Various	Improvements to IFRSs (of April 2009) [2, 3]	various	no earlier than 1 January 2010

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

[2] Announcement of the IASB/IFRIC has not been accepted by the EU

[3] Effect on the consolidated financial statements of GFT AG still has to be ascertained

III. Consolidated group

In addition to GFT Technologies Aktiengesellschaft (»GFT AG«), the consolidated financial statements as at 31 December 2009 also included the following subsidiaries (fully consolidated):

- GFT Technologies (Schweiz) AG, Opfikon, Switzerland
- GFT *inboxx* GmbH, Hamburg, Germany
- GFT UK Limited, London, UK
- GFT Iberia Holding, S.A. (formerly GFT Iberia Solutions, S.A.), Sant Cugat del Vallès, Spain
- emagine gmbh, Eschborn, Germany
- GFT IT Consulting, S.L. (formerly Emagine Servicios de Consultoría e Informática, S.A.), Sant Cugat del Vallès, Spain
- GFT Brasil Consultoria Informática Ltda., São Paulo, Brazil
- GFT Resource Management GmbH, Eschborn, Germany
- GFT Flexwork GmbH, Stuttgart, Germany
- GFT Technologies SARL, Neuilly-sur-Seine, France
- GFT Business Development GmbH, Eschborn, Germany
- GFT USA INC., New York, USA
- GFT Holding France SARL, Neuilly-sur-Seine, France.

Compared to the consolidated financial statements as at 31 December 2008, the following changes have resulted for the consolidated group and the subsidiaries.

With effect from 1 June 2009, the business operation of the Group company GFT Iberia Solutions, S.A. was transferred to the Group company Emagine Servicios de Consultoría e Informática, S.A., both domiciled in Sant Cugat del Vallès, Spain, as part of a capital increase with non-cash contribution. In this connection, Emagine Servicios de Consultoría e Informática, S.A. changed its name to GFT IT Consulting, S.L., and GFT Iberia Solutions, S.A. changed its name to GFT Iberia Holding, S.A. This internal Group restructuring had no effect on GFT's consolidated financial statements.

On 24 December 2009, GFT AG sold all its shares in the subsidiary GFT Technologies GmbH, Vienna, Austria. GFT Technologies GmbH was deconsolidated on 24 December 2009. GFT Technologies GmbH had no operating activities in the financial years 2009 and 2008, its share of revenues in both financial years amounted to 0.0%; its share in the financial assets of the Group amounted to 0.0% on the date of divestment. The hiving off of GFT Technologies GmbH did not have any material effect on the assets, financial and earnings position of the Group; the costs of the sale amounted to €-4 thousand.

IV. 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 carrying values with the revalued equity of the subsidiaries at the time of acquisition. In this process, the acquired assets, debts and possible liabilities are stated at their current value at the time of acquisition. Remaining positive differences are reported as goodwill. Negative differences from initial consolidation are eliminated and recognised in profit or loss. The hidden reserves and encumbrances disclosed are amortised on the basis of the corresponding assets and debts. The stock market 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. As in the previous year, the shares in associated companies (»Investment in associates reported according to the equity method«), as well as the expenditures from shares in associated companies recognized on 31 December 2009, concern the shares in eQuadriga Software Private Limited, Trichy, India. We refer to point 3 of the Notes to the consolidated financial statements.

The balance sheet dates of companies included in the consolidated financial statements correspond to the date of theconsolidated financial statements (31 December).

V. 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 euro 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.

VI. Accounting and valuation methods

Intangible assets and impairment test

Intangible assets acquired for consideration are capitalised at historical costs and – with the exception of goodwill and intangible assets with unlimited useful life – are subject to scheduled 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. Should the reasons giving rise to the non-scheduled depreciation charge cease to apply, appropriate write-ups are recognised which may not exceed amortised cost.

There are no intangible assets with unlimited useful lives within the GFT Group.

Goodwill, including goodwill from the capital consolidation is no longer subject to scheduled depreciation. In accordance with IFRS 3, 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 carrying values of individual cash-generating units with their respective recoverable amount, i.e. the higher value from fair value less costs to sell, and 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 carrying 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 the carrying 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 in the period they are incurred. Development costs for software products are capitalised as intangible assets provided the capitalisation requirements under IAS 38 are satisfied, and in particular insofar as 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. Borrowing costs which can be directly attributed to the purchase or manufacturing of a qualified, internally produced intangible asset are capitalised as part of the historical or production costs of this asset. 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. Scheduled depreciation is applied on a straight-line basis 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 capitalised 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 carrying value. The recoverable amount is the higher value from value in use and fair value, minus selling costs. Should the reasons giving rise to the non-scheduled depreciation charge cease to apply, appropriate write-ups are recognised. 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 capitalised 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 on a straight-line basis 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 recognised 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 in 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 subsequent valuation, 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 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 and are not held-to-maturity financial investments. These are in particular equity (investment) measured at fair value, and liabilities (securities) not held to maturity. After 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 debt 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 cash flows 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 debt 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 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. Derivatives 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, fluctuating cash flows of payables or receivables 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 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 at amortised cost. They are liquidated on a straight-line basis or according to the provision of service.

Borrowing costs are recorded as an expense in the period in which they occur, provided that they cannot be directly attributed to the purchase or manufacturing of a qualified asset and are then to be capitalised as part of the historical or production costs of this asset.

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 recognised if the goods have been delivered and the risk has been transferred to the client.

Revenues from production contracts and services are recognised 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 recognised 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 recognised with the creation of legal title.

Income tax

Current 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 tax assets for deductible temporary differences, and for taxable loss carry-forwards that exceed the taxable temporary differences are only shown in 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 31.4% (previous year: between 28.0% and 30.8%). The tax rates applicable for foreign subsidiaries are between 20.1% and 34.0% (previous year: 21.3% and 34.0%).

Discretionary decisions concerning the application of accounting methods

Discretionary decisions are to be made when applying the accounting and valuation methods. This applies in particular to the following items:

Financial assets are to be categorised as »held-to-maturity investments«, »loans and receivables«, »available-for-sale financial assets«, and »financial assets measured at fair value through profit or loss«. In the case of »available-for-sale financial assets«, it must be decided whether and when an impairment should be recognised in profit or loss. In the case of assets which are to be sold, it must be decided whether they can be sold in their present state and whether their sale is highly probable. If both are the case, then the assets and their associated debts, where applicable, are to be disclosed and measured as »available-for-sale financial assets or debts«. The section »Accounting and valuation methods« includes an explanation of which decisions were taken by the GFT Group with regard to these items.

Management estimates and judgements, estimate uncertainties

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 judgements are mainly based on an assessment of the intrinsic value of intangible assets (especially goodwill), a determination of the economic useful life for fixed assets, the percentage of completion of customer projects in progress, the collectibility of receivables, the 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 are beyond, Management's sphere of influence, actual amounts can vary from the originally expected estimated values. If the actual development deviates from the expected development, then the premises, and if necessary the carrying 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 carrying values of assets and debts shown in the consolidated financial statements in the following financial year. Further information on the estimates and judgements made in the preparation of these consolidated financial statements are to be found in the explanations of individual financial statement items.

Reclassifications

In the consolidated financial statements as at 31 December 2009, the classification of items was extended with the separate disclosure of other financial assets (€359 thousand; previous year: €443 thousand) and other financial liabilities (€1,082 thousand; previous year: €1,080 thousand). This change in presentation also affected the figures of the previous year and was made to improve the presentation of financial instruments in the consolidated financial statements.

Due to initial application of IFRS 5, amounts connected with discontinued operations were disclosed as separate items in the consolidated financial statements and consolidated income statement (also for amounts of the previous year).

VII. Discontinued operations

The GFT Group intends to dispose of its business activities in the *Software* division. The Executive Board of GFT AG has adopted a respective disposal plan and has been actively seeking a buyer since November 2009; the disposal is expected to be completed in the second quarter of 2010. Most of the activities in this business division, and the respective employees, are pooled with the subsidiary GFT *inboxx* GmbH, Hamburg, Germany. All shares in this subsidiary are to be sold. Moreover, the *Software* division of GFT AG includes disclosed software rights which are also to be sold. The *Software* division to be sold is identical with the *Software* segment, which is disclosed separately in segment reporting.

Discontinuation of the business division will take the form of a disposal as a whole. As the division intended for disposal also represents a disposal group as defined by IFRS 5, the disclosure and measurement regulations of IFRS 5 have been applied.

The main groups of assets and liabilities categorised as available-for-sale are stated below:

€ thsd.	**31.12.2009**
Intangible and tangible assets	65
Deferred tax assets	280
Trade receivables	462
Other current receivables and assets	153
Securities	360
Cash and cash equivalents	729
	2,049
Provisions for pensions	-483
Other provisions	-731
Current liabilities	-461
	-1,675

The net loss after taxes of the discontinued operation is disclosed in a separate line of the Consolidated Statement of Comprehensive Income (Part-Group Consolidated Income Statement). A breakdown of the respective income and expenditure is presented in the following table. As business relations with the discontinued operation are to be continued even after disposal, income and expenditure is presented before income and expense consolidation is conducted; this corresponds to the procedure applied in segment reporting.

CONSOLIDATED INCOME STATEMENT ACCORDING TO CONTINUED AND DISCONTINUED OPERATIONS

for the period from 1 January to 31 December 2009
GFT Technologies Aktiengesellschaft, Stuttgart

€	2009	2009	2009	2009
	Continued operations	Discontinued operations	Consolidation	Total company
Revenue	216,807,880.62	5,441,130.50	-822,600.63	221,426,410.49
Other operating income	1,957,219.01	372,554.24		2,329,773.25
Other capitalised service	0.00			0.00
	218,765,099.63	5,813,684.74	-822,600.63	223,756,183.74
Cost of materials:				
a) Expenses for raw materials and supplies and for purchased goods	34,940.19	123,156.93		158,097.12
b) Costs of purchased services	130,411,202.53	306,747.27	-152.76	130,717,797.04
	130,446,142.72	429,904.20	-152.76	130,875,894.16
Personnel expenses:				
a) Salaries and wages	51,971,583.72	3,408,690.34		55,380,274.06
b) Social security and expenditures for retirement pensions	10,552,409.19	567,145.66		11,119,554.85
	62,523,992.91	3,975,836.00	0.00	66,499,828.91
Depreciation on non-current intangible assets and of tangible assets	1,206,850.93	71,278.06		1,278,128.99
Other operating expenses	17,251,757.96	2,338,082.66	-785,618.24	18,804,222.38
Result from operating activities	**7,336,355.11**	**-1,001,416.18**	**-36,829.63**	**6,298,109.30**
Income from participations	0.00			0.00
Other interest and similar income	548,830.87	5,216.95		554,047.82
Expenses for investments in associates	3,931.51			3,931.51
Depreciation on securities	0.00	4,020.00		4,020.00
Interest and similar expenses	24,494.15			24,494.15
Financial result	520,405.21	1,196.95	0.00	521,602.16
Earnings before taxes	**7,856,760.32**	**-1,000,219.23**	**-36,829.63**	**6,819,711.46**
Taxes on income and earnings	1,671,325.49	407,128.40		2,078,453.89
Net income/net loss	**6,185,434.83**	**-1,407,347.63**	**-36,829.63**	**4,741,257.57**

CONSOLIDATED INCOME STATEMENT ACCORDING TO CONTINUED AND DISCONTINUED OPERATIONS

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

€	2008 Continued operations	2008 Discontinued operations	2008 Consolidation	2008 Total company
Revenue	236,618,368.10	6,712,339.50	-1,092,065.22	242,238,642.38
Other operating income	2,636,311.85	484,647.94	-129,204.50	2,991,755.29
Other capitalised service	116,789.46			116,789.46
	239,371,469.41	7,196,987.44	-1,221,269.72	245,347,187.13
Cost of materials:				
a) Expenses for raw materials and supplies and for purchased goods	39,816.00	121,474.44		161,290.44
b) Costs of purchased services	148,287,589.13	654,036.06	-117,771.18	148,823,854.01
	148,327,405.13	775,510.50	-117,771.18	148,985,144.45
Personnel expenses:				
a) Salaries and wages	51,400,890.62	4,148,137.57		55,549,028.19
b) Social security and expenditures for retirement pensions	10,578,135.48	688,298.20		11,266,433.68
	61,979,026.10	4,836,435.77	0.00	66,815,461.87
Depreciation on non-current intangible assets and of tangible assets	1,545,530.83	98,459.98		1,643,990.81
Other operating expenses	18,439,354.49	4,551,452.21	-1,476,120.03	21,514,686.67
Result from operating activities	**9,080,152.86**	**-3,064,871.02**	**372,621.49**	**6,387,903.33**
Income from participations	20,000.00			20,000.00
Other interest and similar income	909,062.25	8,031.68	-2,648.81	914,445.12
Expenses for investments in associates	42,825.82			42,825.82
Depreciation on securities	312,000.00	7,067.35		319,067.35
Interest and similar expenses	35,196.09	26,684.99	-26,684.99	35,196.09
Financial result	539,040.34	-25,720.66	24,036.18	537,355.86
Earnings before taxes	**9,619,193.20**	**-3,090,591.68**	**396,657.67**	**6,925,259.19**
Taxes on income and earnings	1,706,691.15	-802,667.36		904,023.79
Net income/net loss	**7,912,502.05**	**-2,287,924.32**	**396,657.67**	**6,021,235.40**

Net cash flows from operating activities, as well as from investing and financing activities, are allocated to continued and discontinued operations as follows:

€ thsd.	Continued operations	Discontinued operations	Total company 2009
Cash flows from operating activities	8,306	-1,739	6,567
Cash flows from investing activities	-718	-32	-750
Cash flows from financing activities	-2,631	–	-2,631
Change in cash funds from cash-relevant transactions	**4,957**	**-1,771**	**3,186**
Cash funds at the beginning of the period	30,515	2,500	33,015
Cash funds at the end of the period	**35,472**	**729**	**36,201**

€ thsd.	Continued operations	Discontinued operations	Total company 2008
Cash flows from operating activities	6,644	2,551 [1]	9,195
Cash flows from investing activities	-1,757	-52	-1,809
Cash flows from financing activities	-70	–	-70
Change in cash funds from cash-relevant transactions	**4,817**	**2,499** [1]	**7,316**
Cash funds at the beginning of the period	25,698	1	25,699
Cash funds at the end of the period	**30,515**	**2,500** [1]	**33,015**

[1] In December 2008, GFT *inboxx* GmbH sold software rights to GFT AG at a price of €2,500 thousand which resulted in a cash inflow of €2,500 thousand for the subsidiary to be sold, GFT *inboxx* GmbH. Without this transaction, the marked amounts would be correspondingly lower.

The financial funds on which the cash flow statement for continued and discontinued operations is based, is comprised of payment means and items equivalent to payment means (cash and bank balances); they match the balance sheet items of the same name.

Explanations of the Consolidated Balance Sheet and Consolidated Income Statement

1 Intangible assets, goodwill

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

CONSOLIDATED FIXED ASSETS 2009

GFT Technologies Aktiengesellschaft, Stuttgart

	Acquisition or production costs					
	As at					As at
€	**01.01.2009**	Additions	Disposals	Reclassification as available-for-sale assets	Currency changes	**31.12.2009**
Intangible assets						
Licences, industrial property rights and similar rights	6,097,618.32	143,646.71	2,089,228.05	301,823.31	6,720.07	3,856,933.74
Goodwill	20,365,010.57	0.00	0.00	0.00	0.00	20,365,010.57
	26,462,628.89	**143,646.71**	**2,089,228.05**	**301,823.31**	**6,720.07**	**24,221,944.31**
Tangible assets						
Other equipment, office and factory equipment	14,122,866.83	611,969.12	6,219,578.07	506,396.79	69,602.62	8,078,463.71
Construction on foreign property	250,439.05	0.00	0.00	0.00	0.00	250,439.05
	14,373,305.88	**611,969.12**	**6,219,578.07**	**506,396.79**	**69,602.62**	**8,328,902.76**
Financial assets						
Financial assets reported according to the equity method	40,096.56	0.00	3,931.51	0.00	0.00	36,165.05
Investments	1,209,503.00	0.00	0.00	0.00	0.00	1,209,503.00
	1,249,599.56	**0.00**	**3,931.51**	**0.00**	**0.00**	**1,245,668.05**
	42,085,534.33	**755,615.83**	**8,312,737.63**	**808,220.10**	**76,322.69**	**33,796,515.12**

	Depreciation						Book values	
As at						As at	As at	As at
01.01.2009	Depreciation of the financial year scheduled	Depreciation of the financial year non-scheduled	Disposals	Reclassification as available-for-sale assets	Currency changes	**31.12.2009**	**31.12.2009**	**31.12.2008**
5,620,772.84	251,658.11	0.00	2,089,228.05	297,537.31	6,732.62	3,492,398.21	364,535.53	476,845.48
0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,365,010.57	20,365,010.57
5,620,772.84	**251,658.11**	**0.00**	**2,089,228.05**	**297,537.31**	**6,732.62**	**3,492,398.21**	**20,729,546.10**	**20,841,856.05**
11,691,174.54	978,785.20	0.00	6,191,207.23	445,295.79	315.10	6,033,771.82	2,044,691.89	2,431,692.29
55,977.11	47,685.68	0.00	0.00	0.00		103,662.79	146,776.26	194,461.94
11,747,151.65	**1,026,470.88**	**0.00**	**6,191,207.23**	**445,295.79**	**315.10**	**6,137,434.61**	**2,191,468.15**	**2,626,154.23**
0.00	0.00	0.00	0.00	0.00	0.00	0.00	36,165.05	40,096.56
1,209,503.00	0.00	0.00	0.00	0.00	0.00	1,209,503.00	0.00	0.00
1,209,503.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1,209,503.00**	**36,165.05**	**40,096.56**
18,577,427.49	**1,278,128.99**	**0.00**	**8,280,435.28**	**742,833.10**	**7,047.72**	**10,839,335.82**	**22,957,179.30**	**23,508,106.84**

CONSOLIDATED FIXED ASSETS 2008

GFT Technologies Aktiengesellschaft, Stuttgart

	Acquisition or production costs				
	As at				As at
€	**01.01.2008**	Additions	Disposals	Disposal from the change of the basis of consolidation	**31.12.2008**
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					
Financial assets reported according to the equity method	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				As at	As at	As at
01.01.2008	Depreciation of the financial year	Disposals	Disposal from the change of the basis of consolidation	**31.12.2008**	**31.12.2008**	**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**

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 budged for the upcoming 2010 financial year, which was carried forward with defined growth rates for the subsequent two years. Third year values were then considered as constant for the extended future. Cash flows were discounted with a uniform discount rate of 9% (previous year: 9%) before taxes. The recoverable amount of the cash-generating units was thus determined as value in use.

For the cash flow forecasts for the cash-generating unit »*Services* – Finance & Insurance«, management assumes that the existing client business can be increased by 8% in 2010 and thereafter maintained at a high level. It is expected that business with new clients will also grow by 8% and subsequently continue to grow. For the cash-generating unit »*Resourcing*«, management assumes a stable development in 2010 for existing and new client business and dynamic growth in the future. Our assumptions are based on orders already placed, as well as on experience and signals received from the markets.

The carrying value of total goodwill is assigned to the cash-generating units as follows:

€ thsd.	31.12.2009	31.12.2008
Cash-generating units		
Services – Finance & Insurance	14,336	14,336
Services – Postal & Logistics & Others	–	–
Resourcing	6,029	6,029
Software	–	–
	20,365	**20,365**

Due to the results of the impairment test in financial year 2009 (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 (€365 thousand; previous year: €477 thousand).

There are no intangible assets with unlimited useful lives within the GFT Group.

Discontinued operations included intangible assets of €4 thousand as at 31 December 2009. We refer to point VII. of the Notes to the Consolidated Financial Statements.

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 capitalised with a carrying amount of €376 thousand as at 31 December 2007 from internally generated software developed in-house (»Software Inspire«). As at 31 July 2008, this software had a carrying value in the amount of €288 thousand. Within the context of this sale, property, plant and equipment (hardware) and liabilities (personnel obligations for 5 transferred employees) were transferred. The total purchase price amounted to €1.00. In addition, Inspire Technologies GmbH is obligated to hand over and pay 10% of net licence revenue collected to GFT which it generates with the software Inspire or a further development within the next five years (starting from 1 July 2008). The total loss from disposal in financial year 2008 amounted to €350 thousand; it is included in the other operating expenses 2008 of the discontinued operation. From this transaction, the deferred provisions for taxation were reduced by €92 thousand, resulting in a net loss from disposal of €258 thousand taking into consideration deferred tax assets.

2 Tangible assets

The development of tangible assets of the GFT Group is presented on pages 82–85.

As in the previous year, non-scheduled depreciation on property, plant and equipment due to impairment was not necessary in the financial year 2009.

As at 31 December 2009, discontinued operations included tangible assets of €61 thousand. We refer to point VII. of the Notes to the Consolidated Financial Statements.

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 €63 thousand as at 31 December 2007, belonged to the *Services* segment and were disposed of in connection with the deconsolidation of GFT Technologies (India) Private Limited, Trichy, India, as at 29 February 2008.

3 Financial assets

Investments

The investments shown as financial assets are the investments in Thinkmap, Inc., New York, USA (5.9%; previous year: 5.9%), as well as in incowia GmbH, Ilmenau (10.0%; previous 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 in the previous year amounting to €20 thousand result from a payout of incowia GmbH, Ilmenau.

Investments at equity

Investments at equity (shares in associated companies), as well as the expenditures from shares in associated companies recognised on 31 December 2009, concern the shares in eQuadriga Software Private Limited, Trichy, India, in the amount of 30.0% (previous year: 30.0%). 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 is an associated company since 1 March 2008.

The balance sheet recognition of shares in eQuadriga Software Private Limited as at 31 December 2009 occurs according to the equity method (as in the previous year). As on the one hand the associated company eQuadriga Software Private Limited prepares its balance sheet based on principles similar to those of the GFT Group, providing generally uniform accounting and measurement polices, and on the other no information in this regard was available, no possibly necessary adjustments of the Annual Financial Statements of eQuadriga Software Private Limited used for equity recognition were made to bring them in line with 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 the associated company to the GFT Group.

The following overview presents the summarised financial information about the associated company, which formed the basis for equity measurement in the Group:

€ thsd.	2009	2008
Disclosures to the balance sheet (31 December)		
Assets	115	120
Equity	108	98
Liabilities	7	22
Disclosures to the income statement		
Revenue	323	307
Profit/loss for the year	-13	-201

4 Investment holdings

As at 31 December 2009 GFT AG holds direct and indirect shares of at least 20% in the following companies:

Name	Location	Share of the capital		Equity 31.12.2009		Results for the business year
Direct investments						
GFT Technologies (Schweiz) AG	Opfikon, Switzerland	99%	CHF	1,616,700.37	CHF	1,088,695.52
GFT *inboxx* GmbH	Hamburg, Germany	100%	EUR	242,108.62	EUR	-15,286.22
GFT UK Limited	London, UK	100%	EUR	1,630,986.74	EUR	1,042,126.44
GFT Iberia Holding, S.A. (formerly GFT Iberia Solutions, S.A.)	Sant Cugat del Vallès, Spain	100%	EUR	5,863,413.45	EUR	2,143,004.53
GFT Resource Management GmbH	Eschborn, Germany	100%	EUR	1,788,996.03	EUR	0.00 [1]
GFT Technologies SARL	Neuilly-sur-Seine, France	100%	EUR	1,894,424.04	EUR	250,608.81
GFT Business Development GmbH	Eschborn, Germany	100%	EUR	14,529.97	EUR	-1,607.80
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	7,230,522.00	INR	-878,354.00
Indirect investments						
GFT IT Consulting, S.L. (formerly Emagine Servicios de Consultoría e Informática, S.A.)	Sant Cugat del Vallès, Spain	100%	EUR	7,365,100.96	EUR	1,308,202.46
GFT Brasil Consultoria Informática Ltda.	São Paulo, Brazil	100%	BRL	897,401.61	BRL	333,196.28
GFT USA INC.	New York, USA	100%	USD	-134,477.14	USD	56,815.18
emagine gmbh	Eschborn, Germany	100%	EUR	40,257.38	EUR	2,694.15
GFT Flexwork GmbH	Stuttgart, Germany	100%	EUR	375,000.00	EUR	0.00 [2]

[1] There is an agreement for the transfer of profits between GFT Resource Management GmbH (profit-transferring company) and GFT AG

[2] There is an agreement for the transfer of profits between GFT Flexwork GmbH (profit-transferring company) and GFT Resource Management GmbH

GFT Resource Management GmbH, Eschborn and GFT Flexwork GmbH, Stuttgart utilised exemptions from section 264 (3) of the German Commercial Code (HGB) in the fiscal year 2009.

5 Inventories and trade receivables

Inventories shown in the previous year involved goods (hardware and software) that were scheduled for sale 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 value adjustments based on the probable risk of default are taken into account with €358 thousand (previous year: €910 thousand). Trade receivables, in accordance with IAS 11, include realised revenue from unfinished projects as at the balance sheet date in the amount of €11,923 thousand (previous year: €8,769 thousand) minus prepayments received in the amount of €8,567 thousand (previous year: €6,398 thousand).

The cumulative value adjustments on trade receivables developed as follows:

€ thsd.	2009	2008
As at 1 January	910	862
Transfers	89	110
Drawings	-544	-47
Write-backs	-90	-72
Exchange rate effects and other changes	-7	57
As at 31 December	**358**	**910**

A breakdown of the development of value adjustments in 2009 into continued and discontinued operations is shown in the table below:

€ thsd.	Continued operations	Discontinued operations	Total company
As at 1 January	883	27	910
Transfers	50	39	89
Drawings	-539	-5	-544
Write-backs	-75	-15	-90
Exchange rate effects and other changes	-7	–	-7
As at 31 December	**312**	**46**	**358**

6 Other assets

Other assets can be broken down as follows:

€ thsd.	31.12.2009	31.12.2008
Continued operations:		
Non-current assets		
Deposits	349	376
	349	**376**
Other current financial assets		
Deferred interest	126	142
Deposits	92	67
Receivables from employees	60	77
Derivative financial instrument (interest swap)	29	-
Creditors with debit balance	13	35
Receivable from purchase price for GFT Technologies GmbH, Vienna	7	–
Claims from retained guarantees	–	8
Other	32	113
	359	**442**
Other current assets		
Claims for VAT and other tax refunds	1,079	788
Accruals	364	434
Receivables from social security fund	81	12
Other	3	–
	1,527	**1,234**
Total current	**1,886**	**1,676**
Total continued operations	**2,235**	**2,052**
Discontinued operations	147	–
Total company	**2,382**	**2,052**

7 Securities as well as cash and cash equivalents

As at 31 December 2009, 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:

€ thsd.	31.12.2009	31.12.2008
Category in accordance with IAS 39		
Continued operations:		
Financial assets at fair value through profit and loss	471	732
Financial assets available for sale	1,765	1,446
	2,236	**2,178**
Discontinued operations:		
Financial assets at fair value through profit and loss	360	–
Total company	**2,595**	**2,178**

The rating of the securities »measured at fair value through profit or loss« led to income for the total company in 2009 in the income statement of €103 thousand (previous year: €0) and to expenses of €4 thousand (previous year: €319 thousand). For continued operations, the rating of the securities »measured at fair value through profit or loss« led to income for financial year 2009 in the income statement of €103 thousand (previous year: €0) and to expenses of €0 (previous year: €312 thousand).

As in 2008, in financial year 2009 no securities from the category »measured at fair value through profit or loss« were bought or sold.

The amendment of the fair value of the securities »available for sale« led, as at 31 December 2009, to a lower negative »reserve for the market assessment for securities« in equity of in total €320 thousand (previous year: a higher negative reserve of €509 thousand). The »reserve for the market assessment for securities« amounted to €-385 thousand minus deferred tax assets of €25 thousand (previous year: €-705 thousand minus deferred tax assets of €-3 thousand) as at 31 December 2009. A purchase or sale of securities »available for sale« did not take place in financial year 2009, as it also did not in the previous year.

As in the previous year, the inventory of securities as at 31 December 2009 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 2009 there was an increase in the fair values of all »available for sale« securities compared to the previous year. There were no factors for impairment. As at 31 December 2008 the decline in the fair values of the present debt issues was mainly 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 of the total company include cash (€4 thousand; previous year: €6 thousand) and short-term liquid credit at banks (€36,197 thousand; previous year: €33,009 thousand). Cash and cash equivalents of the continued operations include cash of €3 thousand and short-term liquid credit balances at banks of €35,469 thousand.

8 Shareholders' equity

Please refer to the separately presented statement of changes in equity for the equity development during the financial years 2009 and 2008.

As at 31 December 2009 share capital in the amount of €26,325,946.00 consisted of 26,325,946 no-par bearer shares (unchanged from 31 December 2008) 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 financial year 2009 and 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 classified as financial assets available for sale (IAS 39).

The capital management of the Group concerns the Group equity attributable to the shareholders of the parent company GFT AG, whose structure and possible uses are largely determined by the capital structure of GFT AG. As there are no minority interests, the equity attributable to the shareholders of GFT AG corresponds to total Group equity. The aim of capital management is to secure the sustainable provision of equity for the Group under consideration of appropriate dividend payments to the shareholders. GFT is not subject to any external minimum capital requirements. The quantitative statements as to managed capital and the changes compared to the previous year are presented in the Consolidated Statement of Changes in Equity of the GFT Group.

As at 31 December 2009, €1,700 thousand was transferred to other revenue reserves pursuant to section 58 (2) German Stock Corporation Act (AktG) at the expense of the consolidated balance sheet loss (previous year: €4,500 thousand).

In the financial year 2009, a dividend of €0.10 per share was distributed to shareholders, totalling €2,633 thousand (previous year: no dividend), from the balance sheet profit of the parent company GFT AG.

It is proposed to distribute a dividend of €0.10 per share to shareholders, totalling €2,633 thousand (previous year: €0.10 per share, totalling €2,633 thousand) from the balance sheet profit of GFT AG as at 31 December 2009.

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 10% 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 10% 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.

As at 31 December 2009, there was therefore unutilised authorised capital in the amount of €10,000,000.00 (previous year: €10,000,000.00).

Conditional capital

Conditional capital amounted to €8,280,000.00 as at 31 December 2009 (previous 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 up to €7,500,000.00 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 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 conditional 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 €100 million 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 €7.5 million 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.

Interests of non-controlling shareholders

There have been no interests of non-controlling shareholders (minority interests) since August 2004.

9 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 2009 for contribution-oriented plans to public and private pensions regulatory authority of €5,591 thousand (previous year: €5,689 thousand) 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«. Due to the statutory minimum interest and conversion rate guarantees, these plans represent performance-oriented plans in the meaning of IAS 19. For this reason, provisions were formed in the balance sheet for these plans on 31 December 2009 and in the previous year.

»Fully insured« BVG plans refer to 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 29 active insured parties and one pension recipient as at 31 December 2009 (previous year: 31 active insured parties and one pension recipient).

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

	31.12.2009	31.12.2008
Discount rate (Germany)	5.5%	6.25%
Discount rate (Switzerland)	3.5%	3.5%
Expected increase in pensions (Germany)	2.0%	1.0%; 2.0%
Expected increase in pensions (Switzerland)	0.0%	0.0%
Expected salary increase (Germany)	0.0%; 2.5%	0.0%; 2.5%
Expected salary increase (Switzerland)	2.0%	2.0%
Expected return on plan assets (Switzerland)	3.5%	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 (2009) and the four preceding years can be taken from the following table:

€ thsd.	31.12.2009	31.12.2008	31.12.2007	31.12.2006	31.12.2005
Present value of obligations for rights accrued	2,410	2,692	761	865	917
Plan assets at fair value	-1,855	-1,798	–	–	–
Net obligation	**555**	**894**	**761**	**865**	**917**

Of the present value for rights accrued, €2,023 thousand (previous year: €1,927 thousand) refer to pension plans that are financed completely or partially through plan assets, and €387 thousand (previous year: €765 thousand) to pension plans that are not financed by plan assets.

The figures stated for 2009 concern continued operations. The present value for rights accrued from the obligation of discontinued operations corresponds to the net obligation (€512 thousand).

The experience adjustments to the liabilities of the plans came to €19 thousand (previous year: €24 thousand) in financial year 2009; the experience adjustments to the plan assets came to €30 thousand (previous year: €24 thousand).

€ thsd.	2009	2008
Change in present value of defined benefits		
Present value of defined benefits 1 January	2,692	761
Addition of performance-oriented (defined benefit) plans Switzerland	–	1,766
Service cost for the period	240	247
Interest expense	113	102
Actuarial gains (-)/losses (+)	136	5
Pension payments	-259	-189
Reclassification as debt in direct connection with non-current assets and disposal groups held for sale	-512	–
Present value of defined benefits 31 December	**2,410**	**2,692**
Fair value of plan assets 31 December to be enclosed	-1,855	-1,798
Net amount recognised	**555**	**894**
Adjustment due to non-realised actuarial gains (+)/losses (-)	-98	69
Pension provisions	**457**	**963**

The pension provision of discontinued operations as at 31 December 2009 (€483 thousand) results from the net obligation of €512 thousand less an adjustment due to non-realised actuarial losses of €29 thousand.

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 are shown in the following table:

€ thsd.	2009	2008
Change in the fair value of the plan assets		
Fair value 1 January	1,798	–
Addition of plan assets Switzerland	–	1,675
Expected return on plan assets	63	59
Actuarial gains (-)/losses (+)	-29	-16
Contributions by employer	122	116
Contributions by employees	122	116
Benefits paid	-221	-152
Fair value 31 December	**1,855**	**1,798**

Employer contributions to the plan assets in the amount of €118 thousand and employee contributions in the amount of €118 thousand are expected for the following year (2010).

The actual returns from the plan assets were comprised as follows:

€ thsd.	2009	2008
Expected return on plan assets	63	59
Actuarial gain/loss from plan assets	-29	-16
Actual return on plan assets	**34**	**43**

Plan assets solely concern the BVG provisioning in Switzerland. The calculation of the obligation and the generally expected return of the plan assets was based on the valid insurance regulations, databases and cash flow disclosures for the year 2009 of the Bâloise-Collective Foundation for Compulsory Occupational Welfare Provisions, Basel.

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

€ thsd.	2009	2008
Service cost for the period	240	247
Interest expense	113	103
Expected revenue from plan assets	-63	-59
Amortisation on actuarial gains (-)/losses (+)	-31	-2
Pension expenses	**259**	**289**

The pension expenses are included in personnel expenses.

10 Income tax

The item income tax shown in the income statement includes:

€ thsd.	2009	2008
Current tax expense	1,233	1,840
Deferred tax expense (previous year: deferred tax income)	845	-936
Tax expense (total company, see point VII. of Notes)	**2,078**	**904**

The current tax expense reported of €1,233 thousand (previous year: €1,840 thousand) 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 (KStG) for consolidated companies in the amount of €24 thousand (previous year: €94 thousand). Due to the use of previously non-deferred taxable loss carryforwards (€2,223 thousand; previous year: €3,711 thousand) current tax expense was reduced by €574 thousand (previous year: €1,055 thousand). The current tax expense includes out of period current tax proceeds of €9 thousand (previous year: €14 thousand).

The deferred income taxes were due to the following causes:

€ thsd.	2009	2008
From temporary differences	601	-725
From taxable loss carry-forwards	244	-211
Deferred tax expense (previous year: deferred tax income)	**845**	**-936**

The deferred tax expense includes a deferred tax expense due to depreciations of deferred tax assets of €400 thousand (previous year: €0). From assets credited directly to the other result, differed taxes of €22 thousand (previous year: €3 thousand) resulted which could not be booked affecting net income.

The deferred tax expense is reduced by the subsequent use of deferred tax assets on tax loss carry-forwards (€279 thousand; previous year: €211 thousand).

The income tax claims and liabilities disclosed in the balance sheet are broken down as follows:

€ thsd.	31.12.2009	31.12.2008
Continued operations:		
Claims to deferred tax assets	5,813	6,704
Ongoing claim to income tax (assets from corporate tax according to section 37 KStG)	656	738
Short term assets from profits tax	205	1,172
	6,674	**8,614**
Discontinued operations:		
Claims to deferred tax assets	280	–
Total company	**6,954**	**8,614**

€ thsd.	31.12.2009	31.12.2008
Continued operations:		
Deferred tax liabilities	601	392
Current tax liabilities	1,170	1,384
	1,771	**1,776**
Discontinued operations:		
Current tax liabilities	2	–
Total company	**1,773**	**1,776**

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

€ thsd.	31.12.2009	31.12.2008
Taxable loss carry-forwards	4,967	5,211
Intangible assets and equipment	629	1,074
Other provisions	347	225
Anniversary and other provisions for employees	101	156
Provisions for pensions	49	29
Provisions for possible losses	–	9
Claims to deferred tax assets (total company)	**6,093**	**6,704**

€ thsd.	31.12.2009	31.12.2008
Receivables	568	381
Securities	25	3
Other financial assets	8	–
Holdings	–	8
Deferred tax liabilities	**601**	**392**

There are loss carry-forwards for German Group companies amounting to €8,704 thousand (previous year: €8,581 thousand) for corporation tax/solidarity surcharge and loss carry-forwards for trade tax of €8,493 thousand (previous year: €8,935 thousand) for which no deferred tax assets could be formed as no future settlement is currently expected. In the case of foreign Group companies, there are tax loss carry-forwards of €156 thousand (previous year: €2,866 thousand) for which no deferred tax assets could be formed as no future settlement is currently expected. Loss carry-forwards for which no deferred tax assets could be formed are non-forfeitable, whereas in the previous year loss carry-forwards of €2.0 million could only be used until 2012.

For deductible temporary differences of €160 thousand (previous year: €200 thousand), no deferred tax assets were formed, as we cannot currently consider a future offset.

The deferred tax asset for the carry-forward of unused tax losses as at 31 December 2009 exclusively affects GFT Technologies AG (€4,600 thousand; previous year: €5,000 thousand), GFT Technologies SARL (€89 thousand; previous year: €211 thousand) and GFT Technologies AG (€279 thousand; previous year: €0). After GFT AG was able to use tax loss carry-forwards for the fifth consecutive year in the financial year 2009, 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 in the corresponding amounts.

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.

After GFT Technologies (Schweiz) AG was able to use tax loss carry-forwards for the third consecutive year in financial year 2009, the Executive Board assumes, based on profitability planning, that in the future sufficient taxable results will be available for GFT Technologies (Schweiz) AG against which the unused tax losses can be applied. A deferred tax claim of €279 thousand was therefore recognised for the first time. Loss carry-forwards can only be used until 2012.

The adjustment between the effective tax rate of the GFT Group and the German tax rate of GFT AG of 28.0% (previous year: 28.0%) is presented as follows (each referring to the whole company, see point VII. of the Notes to the Consolidated Financial Statements):

€ thsd.	2009	2008
Earnings before income taxes	**6,820**	**6,925**
Expected tax expenses at 28.0% (previous year: 28.0%)	1,910	1,939
Addition of assets for payment of corporate tax according to section 37 KStG	-24	-94
Other non tax-deductible expenses and tax-free income	670	119
Current financial year losses which cannot be offset by tax assets	14	89
Adjustment to tax claims	400	–
Retrospective application of deferred tax assets/use of tax loss carry-forwards	-889	-1,263
Tax rate differences	-14	66
Aperiodic effects	-9	73
Other tax effects	20	-25
Effective tax expense	**2,078**	**904**
Effective tax rate	30.5%	13.1%

The tax expense of the discontinued operation amounts to €407 thousand for the loss from ordinary operations of the discontinued operation (previous year: tax income €803 thousand). We refer to point VII. of the Notes to the Consolidated Financial Statements.

The total amount of temporary differences in connection with shares in subsidiaries and associated companies for which no deferred tax liabilities were carried in the balance sheet amounts to €13,894 thousand (previous year: €16,427 thousand).

11 Other provisions

The other provisions show the following trend in the financial year 2009:

€ thsd.	01.01.2009				31.12.2009
	As at	Consumption	Liquidation	Transfer	As at
Employee commissions/bonuses/anniversaries/ severance payments/indemnifications	6,818	-6,159	-623	7,407	7,443
Holiday obligations	1,406	-1,406		1,732	1,732
Contributions to industry associations	83	-81	-2	56	56
Provisions for personnel costs	**8,307**	**-7,646**	**-625**	**9,195**	**9,231**
Outstanding purchase invoices	2,829	-2,623	-143	2,788	2,851
Possible losses from rental agreements	112	-50	-62	4	4
Possible losses from projects	486	-404		603	685
Credits still to be awarded	360			371	731
Warranty	137	-15		232	354
Other	1,032	-756	-97	1,145	1,324
Total company	**13,263**	**-11,494**	**-927**	**14,338**	**15,180**

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:

€ thsd.	31.12.2009	31.12.2008
Continued operations:		
Other long-term provisions		
Provisions for employees/jubilees/compensation/ exemption salaries	784	933
Others	96	36
	880	**969**
Other short-term provisions	13,568	12,294
Total other provisions of continued operations	**14,448**	**13,263**
Discontinued operations	732	–
Total company	**15,180**	**13,263**

12 Liabilities

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

	Remaining term		Total amount		
€	up to 1 year	more than 5 years	31.12.2009	Thereof secured through liens and similar rights	Nature and form of the collateral
Financial liabilities	0.00 (prev. y. €(k) 150)	0.00 (prev. y. €(k) –)	0.00 (prev. y. €(k) 150)		
Trade liabilities	23,277,976.61 (prev. y. €(k) 26,100)	0.00 (prev. y. €(k) –)	23,277,976.61 (prev. y. €(k) 26,100)		Usual reservation of property rights
Deferred tax liabilities	0.00 (prev. y. €(k) –)	0.00 (prev. y. €(k) –)	601,198.65 (prev. y. €(k) 392)		
Current income tax liabilities	1,170,106.70 (prev. y. €(k) 1,384)	0.00 (prev. y. €(k) –)	1,170,106.70 (prev. y. €(k) 1,384)		
Other financial liabilities	1,081,762.34 (prev. y. €(k) 1,080)	0.00 (prev. y. €(k) –)	1,081,762.34 (prev. y. €(k) 1,080)		
Other liabilities	4,917,947.45 (prev. y. €(k) 6,943)	0.00 (prev. y. €(k) –)	4,917,947.45 (prev. y. €(k) 6,991)		
	30,447,793.10 (prev. y. €(k) 35,657)	**0.00** (prev. y. €(k) –)	**31,048,991.75** (prev. y. €(k) 36,097)		

There are trade liabilities of €44 thousand (previous year: €74 thousand) to companies with whom an equity interest exists as well as trade liabilities to affiliated companies of €20 thousand (previous year: €22 thousand).

13 Financial liabilities

Financial liabilities of the previous year concerned a loan from a fund for the promotion of research in the amount of €150 thousand, which was settled in financial year 2009.

14 Other liabilities

Other liabilities are broken down as follows:

€ thsd.	31.12.2009	31.12.2008
Continued operations:		
Other long-term liabilities		
Advance payments on orders	–	48
	0	**48**
Other current financial liabilities		
Debitors with credit balances	811	627
Liabilities to employees	111	243
Other	160	211
	1,082	**1,081**
Other current liabilities		
Wage tax, VAT, and other tax liabilities	2,284	2,161
Advance payments on orders	962	3,096
Liabilities from social security contributions	866	872
Deferred credits to income	806	786
Handicapped levy	–	25
Deferred grants received	–	2
Total current	**4,918**	**6,942**
Total continued operations	**6,000**	**8,023**
Discontinued operations	369	–
Total company	**6,369**	**8,071**

15 Additional information on the Consolidated Statement of Comprehensive Income

The figures of the Consolidated Statement of Comprehensive Income (Part-Group Income Statement) for the previous year (2008) were adjusted due to the regulations of IFRS 5 with regard to the business division discontinued in 2009. The original figures of the Consolidated Income Statement for the financial year 2008 are presented in point VII.

Net income from continued operations and the net loss from discontinued operations are attributable in full to the shareholders of the parent company (2009 and 2008).

Income tax amounts for the various components of other comprehensive income are shown below:

€	2009			2008		
	Amount before tax	Income taxes	Amount after tax	Amount before tax	Income taxes	Amount after tax
Financial assets available for sale (securities):						
– Change of fair value recognised in equity	319,500.00	-21,840.00	297,660.00	-508,700.00	-3,080.00	-511,780.00
Exchange differences on translating foreign operations	173,012.09	0.00	173,012.09	-66,766.41	0.00	-66,766.41
	492,512.09	**-21,840.00**	**470,672.09**	**-575,466.41**	**-3,080.00**	**-578,546.41**

16 Segment report

GFT has identified the three business divisions, *Services, Software* and *Resourcing,* as its reporting segment. The factors used in identifying these business segments were in particular the facts that the services and products offered in the three divisions display differences and that the GFT Group is organised and managed on the basis of these three business divisions. Internal reporting to the Executive Board is based on the grouping of Group activities into these three business segments.

The type of services and products with which the reporting segments generate their income are as follows: 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.

Internal controlling and reporting within the GFT Group, and thus the segment reporting, is based on the principles of IFRS accounting, as applied in the Consolidated Financial Statements. The GFT Group measures the success of its segments on the basis of the segment performance indicator EBT (earnings before taxes). Segment revenues and segment results also include transactions between business segments. Transactions between segments are conducted at market prices and on an arm's-length basis.

Segment assets comprise all assets, except for those from income taxes and assets attributable to holding activities. Segment liabilities comprise all liabilities, except for those from income taxes, financing and debts in connection with holding activities.

Please refer to the following segment report for further details on individual items of the business segments. These also include disclosures concerning revenue from external clients for each group of comparable products and services.

SEGMENT REPORT

GFT Technologies Aktiengesellschaft, Stuttgart

	Services		*Software*	
€ thsd.	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
External sales	91,353	90,943	4,619	5,620
Inter-segment sales	25	123	823	1,092
Total revenues	**91,378**	**91,066**	**5,442**	**6,712**
Depreciation	-1,033	-1,272	-71	-181
Non-cash income/expenditure other than depreciation	61	-236	0	0
Interest income	261	569	5	8
Interest expenses	-78	-84	0	-27
Share of net profits of associated companies reported according to the equity method	-4	-43	0	0
Segment result (EBT)	**6,210**	**7,595**	**-1,000**	**-3,091**
Segment assets	68,058	57,876	1,408	3,816
Investment in associates reported according to the equity method	36	40	0	0
Investment in non-current intangible and tangible assets	662	1,274	32	54
Segment liabilities	18,723	15,388	1,673	3,260

Resourcing		Total		Eliminations		Consolidated	
31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
125,454	145,676	221,426	242,239	0	0	221,426	242,239
13,534	4,317	14,382	5,532	-14,382	-5,532	0	0
138,988	**149,993**	**235,808**	**247,771**	**-14,382**	**-5,532**	**221,426**	**242,239**
-135	-123	-1,239	-1,576	-39	-68	-1,278	-1,644
0	0	61	-236	98	-319	160	-555
11	46	277	623	277	291	554	914
-118	-408	-196	-519	172	484	-24	-35
0	0	-4	-43	0	0	-4	-43
2,747	**3,027**	**7,957**	**7,531**	**-1,137**	**-606**	**6,820**	**6,925**
34,288	40,893	103,754	102,585	9,627	10,911	113,381	113,496
0	0	36	40	0	0	36	40
39	252	732	1,580	23	67	756	1,647
25,044	29,288	45,440	47,936	2,189	2,387	47,629	50,323

The reconciliation calculations of the segment figures to the respective figures of the Consolidated Financial Statements are shown below:

€ thsd.	2009	2008
Total segment revenue	235,808	247,771
Elimination of inter-segment revenue	-14,382	-5,532
Group revenue	**221,426**	**242,239**
Total segment results (EBT)	7,957	7,531
Elimination of inter-segment results	–	-153
Non-attributed expenses of Group HQ	-1,137	-705
Others	–	252
Group result before taxes	**6,820**	**6,925**

€ thsd.	31.12.2009	31.12.2008
Total segment assets	103,754	102,585
Non-attributed assets of Group HQ	77	119
Securities	2,596	2,178
Assets from income taxes	6,954	8,614
Group assets	**113,381**	**113,496**
Total segment liabilities	45,440	47,936
Non-attributed liabilities of Group HQ	416	611
Liabilities from income taxes	1,773	1,776
Group liabilities	**47,629**	**50,323**

The reconciliation discloses items which per definition are not components of the segments. In addition, non-attributed items of Group Headquarter, e.g. from centrally managed issues, are also contained. Business transactions between the segments are also eliminated in the reconciliation.

The table below shows information according to geographic regions for the GFT Group:

	Revenue from sales to external clients [1]		Non-current intangible and tangible assets	
€ million	2009	2008	31.12.2009	31.12.2008
Germany	141.4	164.3	21.7	21.8
UK	23.9	25.0	0.2	0.2
France	17.5	14.7	0.1	0.1
Spain	15.5	17.1	0.7	1.0
Switzerland	6.6	6.5	0.1	0.1
Brazil	1.1	3.8	0.2	0.2
Other foreign countries	15.4	10.8	–	–
Total [2]	**221.4**	**242.2**	**23.0**	**23.4**

[1] Determined by client location

[2] Total company; we refer to point VII. of the Notes to the Consolidated Financial Statements

Revenue from clients who account for more than 10% each of Group revenue is shown below:

	Revenue		Segments in which this revenue is generated	
€ thsd.	**2009**	**2008**	**2009**	**2008**
Client 1	78,372	80,292	*Services, Resourcing, Software*	*Services, Resourcing, Software*

17 Other operating income

These items include:

€ thsd.	**2009**	**2008**
Reversals of provisions	772	1,229
Income from exchange rate differences	519	337
Benefits in kind – employee private motor vehicle use	242	269
Changes in the fair values of securities	103	–
Revenue from the lowering of value adjustments and intakes on receivables written off	95	60
Grants from private and public organisations	78	127
Income from measurement at fair value of derivatives (interest swap)	29	–
Insurance recoveries	17	36
Out of period income	14	78
Income from the disposal of fixed assets	14	5
Rental income (thereof from other periods €0; previous year: €4 thsd.)	2	7
Income from assets value-adjusted in previous years	–	210
Project provisions expended	–	204
Income from derecognition of liabilities	–	33
Other	72	41
Continued operations	1,957	2,636
Discontinued operations	373	356
Total company	**2,330**	**2,992**

The grants of private and public institutions in 2009 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 (€78 thousand; previous year: €120 thousand). If grants were received for capitalised investments then they are taken over the useful life of the investment in a manner that affects earnings (€2 thousand; previous year: €7 thousand).

The other operating income of continued operations includes income that is attributable to another financial year in the amount of €820 thousand (previous year: €1,559 thousand). They involve liquidation of provisions (€772 thousand; previous year: €1,229 thousand), intakes on receivables written off (€20 thousand; previous year: €0), profits from sales of non-current assets (€14 thousand; previous year: €5 thousand), income from assets value-adjusted in previous years (€0; previous year: €210 thousand), the derecognition of liabilities (€0; previous year: €33 thousand) and other out of period income (€14 thousand; previous year: €82 thousand). Other operating income of discontinued operations includes out of period income of €155 thousand (previous year: €99 thousand).

18 Material expenses, personnel expenses

In addition to expenses for software and hardware resold as part of projects (€158 thousand; previous year: €161 thousand), material expenses of the total company comprise mainly expenses for services rendered by outside personnel (consultants, software developers) and subcontractors (€130,718 thousand; previous year: €148,824 thousand), including expenses for freelance agency revenue.

Personnel expenses include expenses for the GFT Group's own personnel. For the expenses for retirement pensions we refer to point 9.

We refer to point VII. of the Notes to the Consolidated Financial Statements for a breakdown of continued operations and discontinued operations.

19 Depreciation

As in the previous year, depreciation on long-term intangible assets and fixed assets in the financial year 2009 includes no depreciation on goodwill due to impairment.

The asset amortisations on securities concerns losses from changes in the fair value of securities (€4 thousand; previous year: €319 thousand), see point 7.

We refer to point VII. of the Notes to the Consolidated Financial Statements for a breakdown of continued operations and discontinued operations.

20 Other operating expenses

Other operating expenses are broken out as follows:

€ thsd.	2009	2008
Operating expenses	5,548	5,468
Distribution expenses	5,218	6,186
Administrative expenses	5,232	5,165
Exchange rate losses	405	475
Taxes not dependent on income	325	329
Project losses, contract penalties, warranties	246	195
Value adjustments and uncollectable receivables	57	110
Losses from disposal of fixed assets	17	26
Expenses from the sale of GFT Technologies GmbH, Vienna, Austria	4	–
Expenses from the sale of 70% of the shares in GFT Technologies (India) Private Limited, Trichy, India	–	193
Out of period expenses	–	20
Other operating expenses	200	272
Continued operations	17,252	18,439
Discontinued operations	1,552	3,076
Total company	**18,804**	**21,515**

Other operating expenses include other out-of-period operating expenses in the amount of €17 thousand (previous year: €46 thousand). They primarily concern disposal losses from non-current intangible assets and property, plant and equipment (€17 thousand; previous year: €26 thousand). Other operating expenses of discontinued operations include out of period expenses of €4 thousand (previous year: €324 thousand).

21 Research and development expenses

In the financial year 2009 total expenses of €1,592 thousand were recorded for research and development (previous year: €2,261 thousand). The Group only discloses expenses from the development of new technologies and processes in this item.

22 Interest income, interest expenses

The interest result:

€ thsd.	2009	2008
Other interest and similar income		
Interest on bank balances	209	545
Interest from securities	205	238
Other unearned interests (basically from clients' requirements)	135	126
Continued operations	549	909
Discontinued operations	5	5
Total company	**554**	**914**
Interest and similar expenses		
Interest on financial liabilities	-24	-35
Interest result of total company	**530**	**879**

Other data

23 Business combinations during the financial year

Business combination IT business operation in Spain

With effect from 16 December 2009 (acquisition date), the subsidiary GFT IT Consulting, S.L., Sant Cugat del Vallès, Spain, acquired an IT department of Deutsche Bank Spain in an asset deal. The asset deal comprises the entire business operation, whereby due to the nature of the agreement no formal share of equity capital was acquired. A total of 94 employees and their respective employee obligations were transferred, as well as a small amount of assets.

As part of the outsourcing agreement in connection with the transfer of the IT department of Deutsche Bank Spain, GFT Spain assumes the development, management and maintenance for a major share of all IT applications of Deutsche Bank in Spain and Portugal. GFT will, amongst other things, take responsibility for applications that handle payment transactions, online banking, credit card management and securities transactions for Deutsche Bank. GFT guarantees these services 24 hours a day, seven days a week. The contract value amounts to approx. €80 million over a period of seven years. The deal strengthens GFT's position as a strategic IT partner for leading financial institutions worldwide.

The GFT Group offers its clients IT services in a variety of contractual formats. In the *Services* segment, service agreements are generally concluded. In the case described above, the extensive outsourcing agreement was based on the client's bid invitation. As GFT Spain already supplied a considerable proportion of the IT services required by Deutsche Bank Spain, the submission of an outsourcing offer and the assumption of Deutsche Bank Spain's IT department exposed the company to only limited risks. It is GFT's objective to raise its own order volume, attract skilled employees to GFT and generate earnings by integrating the new employees. GFT gained control over the acquired company by means of a purchase contract tied to the outsourcing agreement for that part of operations which comprises the respective IT department of Deutsche Bank Spain.

The purchase price for the tangible assets (€14 thousand) was settled by GFT in cash; the assumed employee liabilities (€90 thousand) were reimbursed by the seller of the business operation to GFT in cash. No goodwill was created by the business combination.

The amounts for each major group of acquired assets and assumed liabilities at the time of acquisition are shown below:

€ thsd.	Carrying value = fair value
Non-current assets (tangible)	14
Current liabilities (personnel provisions)	-90
Acquired net assets	**-76**
Acquisition costs	-76
Difference between acquired net assets and acquisition costs	–

Revenue and net income of the acquired operation since the time of acquisition which is included in the GFT Group's Statement of Comprehensive Income for financial year 2009 amount to €302 thousand and €12 thousand, respectively.

The disclosure of revenue and net income of the merged company (GFT Group including acquired operation) for financial year 2009, as if the time of acquisition had been the beginning of financial year 2009, is not possible for the following reason:

The transferred business operation of the seller was not a business division which generated revenue with external clients, thus generating profit, but was an internal support function for the establishment and maintenance of IT applications for the operating business divisions (cost centre). Moreover, the transfer of the service changed the structure of the services rendered and can no longer be compared with the previous operation regarding the cost structures applied.

24 Cash flow statement

The GFT Group cash flow statement for the financial year 2009 is shown separately. Cash flow from operating activities has been determined according to 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, is comprised of payment means and items equivalent to payment means and is reconciled with the balance sheet items of the same name as follows:

€ thsd.	31.12.2009	31.12.2008
Cash	4	6
Short-term cash deposits with banks	36,197	33,009
	36,201	**33,015**

€250 thousand (previous year: €250 thousand) 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 2009 amounts to €-398 thousand (net pay-out of the total company; previous year: €-1,870 thousand); like the cash flow resulting from interest, it is included in the cash flow from ongoing business activities. Discontinued operations included cash flow from taxes on income of €3 thousand (net pay-in).

Cash flow from interest paid during the 2009 financial year totals €304 thousand (previous year: €40 thousand), cash flow from interest income of the total company amounts to €567 thousand (previous year: €909 thousand). Discontinued operations included cash flow from interest income of €1 thousand.

The disclosures on the sale of subsidiaries in the year 2009 have the following result:

	Sales price	Share of cash in the sales price	Cash sold	Other assets sold	Liabilities sold
	€ thsd.	%	€ thsd.	€ thsd.	€ thsd.
Sale of companies	7 [1]	100.0	16	0	5
				thereof	thereof
Non-current assets				–	
Current assets				0	
Non-current liabilities					–
Current liabilities					5

[1] Payment not due until 2010

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

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

25 Net earnings per share

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

€	2009	2008
Undiluted earnings per share	0.18	0.23
– current result allowed for	4,741,257.57	6,021,235.40
– no. of ordinary shares allowed for	26,325,946	26,325,946
Diluted earnings per share	0.18	0.23
– current result allowed for	4,741,257.57	6,021,235.40
– no. of ordinary shares allowed for	26,325,946	26,325,946

€	2009	2008
Undiluted earnings per share from continued operations	0.23	0.30
– current result allowed for	6,185,434.83	7,912,502.05
– no. of ordinary shares allowed for	26,325,946	26,325,946
Diluted earnings per share from continued operations	0.23	0.30
– current result allowed for	6,185,434.83	7,912,502.05
– no. of ordinary shares allowed for	26,325,946	26,325,946

€	2009	2008
Undiluted earnings per share from discontinued operations	-0.05	-0.07
– current result allowed for	-1,444,177.26	-1,891,266.65
– no. of ordinary shares allowed for	26,325,946	26,325,946
Diluted earnings per share from discontinued operations	-0.05	-0.07
– current result allowed for	-1,444,177.26	-1,891,266.65
– 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.

26 Reporting on financial instruments

Information on financial instruments according to categories

The table on pages 112–115 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.

The fair value of a financial instrument is the price at which a party would take on the rights and/or obligations from 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 value of €250 thousand (previous year: €250 thousand), which have been pledged to the entitled parties up to a security amount of €250 thousand (previous year: €250 thousand) to safeguard an existing pension commitment. Of the cash and cash equivalents, €250 thousand (previous year: €250 thousand) were pledged to the respective bank for security purposes.

Financial instruments stated in the balance sheet at fair value can be classified according to the following hierarchy which reflects to which extent the fair value is observable:

Level 1: measurement at fair value on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: measurement at fair value using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: measurement at fair value based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quantitative disclosures for financial instruments stated in the balance sheet at fair value are included in tables on pages 112–115.

No reclassifications between Level 1 and Level 2 were made during financial year 2009.

There were no changes in financial instruments classified as Level 3 (€0; previous year: €0) during financial year 2009.

Disclosures regarding all profits and losses from financial instruments measured at fair value recognised in net income are provided in the table on page 116.

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORIES

€ thsd.	31.12.2009					
	Valued at amortised cost		Valued at fair value			
	Carrying amount	Fair value	Carrying amount	Fair value		
				Level 1 [1]	Level 2 [2]	Level 3 [3]
Financial assets						
Investments			0			0
Available-for-sale financial assets			0			0
Trade receivables	41,758	41,758				
Receivables from goods and services rendered	38,402	38,402				
Loans and receivables	38,402	38,402				
Amounts due from customers for construction work	3,356	3,356				
Loans and receivables	3,356	3,356				
Securities			2,236	2,236		
Available-for-sale financial assets			1,765	1,765		
Financial assets measured at fair value through profit or loss (classified as such upon initial application of the revised IAS 39)			471	471		
Cash and cash equivalents	35,472	35,472				
Loans and receivables (par value)	35,472	35,472				
Other assets	679	679	29		29	
Loans and receivables	679	679				
Financial assets measured at fair value through profit or loss (derivatives without balance sheet hedging relationship held for trading purposes)			29		29	
Total financial assets	**77,909**	**77,909**	**2,265**	**2,236**	**29**	**0**
Loans and receivables	77,909	77,909	0	0	0	0
Available-for-sale financial assets	0	0	1,765	1,765	0	0
Financial assets measured at fair value through profit or loss	0	0	500	471	29	0

[1] Fair values were measured on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.

[2] Fair values were measured on the basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

[3] Fair values were measured on the basis of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		31.12.2008					
Non-financial assets/liabilities	Carrying amount in the balance sheet	Valued at amortised cost		Valued at fair value		Non-financial assets/liabilities	Carrying amount in the balance sheet
Carrying amount		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	
	0			0	0		0
	0			0	0		0
	41,758	44,123	44,123				44,123
	38,402	41,752	41,752				41,752
	38,402	41,752	41,752				41,752
	3,356	2,371	2,371				2,371
	3,356	2,371	2,371				2,371
	2,236			2,178	2,178		2,178
	1,765			1,446	1,446		1,446
	471			732	732		732
	35,472	33,015	33,015				33,015
	35,472	33,015	33,015				33,015
1,527	2,235	818	818			1,234	2,052
	679	818	818				818
	29						
		77,956	**77,956**	**2,178**	**2,178**		
		77,956	77,956	0	0		
		0	0	1,446	1,446		
		0	0	732	732		

€ thsd.	31.12.2009					
	Valued at amortised cost		Valued at fair value			
	Carrying amount	Fair value	Carrying amount	Fair value		
				Level 1 [1]	Level 2 [2]	Level 3 [3]
Financial liabilities						
Financial liabilities	0	0				
Financial liabilities valued at amortised cost	0	0				
Trade liabilities	23,278	23,278				
Financial liabilities valued at amortised cost	23,278	23,278				
Other liabilities	1,082	1,082				
Financial liabilities valued at amortised cost	1,082	1,082				
Other provisions	2,851	2,851				
Loans and receivables	2,851	2,851				
Financial liabilities measured at fair value through profit or loss (derivatives without balance sheet hedging relationship held for trading purposes)						
Total financial liabilities	**27,211**	**27,211**	**0**	**0**	**0**	**0**
Financial liabilities valued at amortised cost	27,211	27,211	0	0	0	0
Financial liabilities measured at fair value through profit or loss	0	0	0	0	0	0

[1] Fair values were measured on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.

[2] Fair values were measured on the basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

[3] Fair values were measured on the basis of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		31.12.2008					
Non-financial assets/liabilities	Carrying amount in the balance sheet	Valued at amortised cost		Valued at fair value		Non-financial assets/liabilities	Carrying amount in the balance sheet
Carrying amount		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	
	0	150	150				150
	0	150	150				150
	23,278	26,100	26,100				26,100
	23,278	26,100	26,100				26,100
4,918	6,000	1,081	1,081			6,990	8,071
	1,082	1,081	1,081				1,081
11,597	14,448	2,829	2,829	32	32	10,402	13,263
	2,851	2,829	2,829				2,829
	0			32	32		32
		30,160	**30,160**	**32**	**32**		
		30,160	30,160	0	0		
		0	0	32	32		

Income, expenses, profits and losses from financial instruments

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

€ thsd.	2009	2008
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)	141	-241
Net profits/losses from financial assets (previous year: liabilities) measured at fair value through profit or loss (from derivatives without balance sheet hedging relationship held for trading purposes)	72	16
Net profits/losses from available-for-sale financial assets		
– Profit/loss which was directly recognised in equity (market assessment reserve)	320	-509
– Amount which was transferred from equity (market assessment reserve) to the income statement	–	–
Net profits/losses from loans and receivables:	**-8**	**-54**
– Expenses from impairment	-89	-110
– Income from reversal of an impairment loss	110	72
– Write-offs	-29	-16
Net profits/losses from financial liabilities which are valued as amortised cost:	**143**	**451**
– Write-offs	143	451

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

€ thsd.	2009	2008
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)	141	-234
Net profits/losses from financial assets (previous year: liabilities) measured at fair value through profit or loss (from derivatives without balance sheet hedging relationship held for trading purposes)	72	16
Net profits/losses from available-for-sale financial assets		
– Profit/loss which was directly recognised in equity (market assessment reserve)	320	-509
– Amount which was transferred from equity (market assessment reserve) to the income statement	–	–
Net profits/losses from loans and receivables:	**22**	**-50**
– Expenses from impairment	-50	-101
– Income from reversal of an impairment loss	95	60
– Write-offs	-23	-9
Net profits/losses from financial liabilities which are valued as amortised cost:	**135**	**448**
– Write-offs	135	448

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. Results from market assessment changes are included in the income statement in the items Other operating income/expenses and Depreciation on securities (see also point VII. of the Notes to the Consolidated Financial Statements).

Interest income and expenses from financial assets and liabilities measured at fair value through profit or loss are included in the financial result of the income statement.

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. We refer to points 7 and 15 of the Notes to the Consolidated Financial Statements.

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:

€ thsd.	2009	2008
Total interest income (total company)	512	826
Total interest income (continued operations)	511	821
Total interest expenses (total company)	24	35
Total interest expenses (continued operations)	24	35

For a statement of impairment loss on trade receivables, please refer to the development of valuation adjustments in point 5. In the case of other assets, impairment losses of €0 were recognised in profit and loss (previous year: €31 thousand).

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 explanations in point VII.

Hedge accounting

As at 31 December 2009, 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. Derivatives which are used in the GFT Group according to interest, currency and pride 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 2009 one such derivative (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 €61 thousand (previous year: €16 thousand).

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 Group management report (point 9) 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 exposure 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 exposure 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:

€ million	31.12.2009	31.12.2008
Neither overdue nor value-adjusted receivables	37.4	38.3
Overdue receivables which have not been value adjusted		
Less than 90 days	3.9	5.2
90 to 180 days	0.6	0.5
180 to 360 days	0.3	0.1
More than 360 days	0.0	0.0
Value-adjusted receivables	0.0	0.0
Carrying amount	**42.2**	**44.1**

The maximum credit risk exposure 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	
€ million	**31.12.2009**	**31.12.2008**
Carrying amount	**42.2**	**44.1**
Concentration according to customers:		
Receivables from 5 biggest customers	23.6	21.1
Receivables from rest of customers	18.6	23.0
Concentration according to regions: [1]		
Germany	25.1	27.8
Europe (outside Germany)	16.1	14.9
Rest of the world	1.0	1.4

[1] 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. The figures refer to the total company. The financial liabilities of discontinued operations as at 31 December 2009 (carrying value €100 thousand) include cash flows of up to one month of €88 thousand and cash flows of one to three months of €12 thousand.

	Carrying amount	Cash flows				
€ thsd.	**31.12.2009**	up to 1 month	of 1 to 3 months	from 3 months to 1 year	of 1 to 5 years	of more than 5 years
Trade payables	23,278	18,704	4,574			
Other financial liabilities	1,082	1,082				
Other provisions	2,851	2,851				
Derivative financial liabilities (held for trading purposes)	-					
	27,211					

	Carrying amount	Cash flows				
€ thsd.	**31.12.2008**	up to 1 month	of 1 to 3 months	from 3 months to 1 year	of 1 to 5 years	of more than 5 years
Financial liabilities	150			150		
Trade payables	26,100	21,489	4,535	76		
Other financial liabilities	1,081	1,080	1			
Other provisions	2,829	2,829				
Derivative financial liabilities (held for trading purposes) [1]	32					
	30,192					

[1] A disclosure of the cash flow of derivative financial liabilities is not made, 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 exposed 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 euro (2009 approximately 96%, 2008 approximately 94%), 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 3.0% 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 euro).

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 (< €200 thousand).

There are no currencies that pose a significant risk to the Group. This also applies to the US dollar, whose development has no direct impact on the financial instruments of the GFT Group. In the fiscal years 2009 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 1 %-point would in this case lead to a fall in interest income of between €150 thousand and €300 thousand 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 regards the interest risk for securities in relation to interest income as insignificant (approximately €15 thousand to €30 thousand 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 2009 and 2008, so that there is no interest risk with regard to the main part of the financial liabilities. In 2008 a derivative financial liability (interest swap) existed, which became a financial asset in financial year 2009 due to increase in value. The interest swap is subject to an interest risk; since the existence of the interest swap (2005) the fair value was between €-66 thousand and €29 thousand, 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 2009 and 2008.

As GFT does not hold any shares in quoted joint-stock companies and other financial instruments, with the exception of one financial instrument, are not dependent on share prices or share price indexes, there is no share price risk. The financial instrument dependent on share prices is a convertible bond for which there are share price opportunities but no share price risks.

27 Contingent liabilities

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

28 Other financial obligations

The table below shows future minimum leasing payments according to their due dates:

€ thsd.	31.12.2009	31.12.2008
Obligations from temporary rental, leasing and licensing contracts at nominal value:		
– 2010	4,390	4,763
– 2011 – 2013	5,076	7,076
– 2014 and later (excluding obligations unlimited in time)	267	839
	9,733	**12,678**
Annual obligations from open-ended rental contracts:	326	428

Payments under operating leases that are recorded as expense in the period under review total €5,079 thousand (previous year: €5,105 thousand). 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 10 years as at 31 December 2009. Operating leases for vehicles and office equipment have terms of between 3 and 7 years. Agreements usually terminate automatically at the end of the term of the agreement.

29 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 2009, Ulrich Dietz holds 28.46% (previous year: 28.46%) 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 2009 as well as during the financial year 2008.

In the 2009 financial year Executive Board member Marika Lulay owned one share (=0.33%) in the subsidiary GFT Technologies (Schweiz) AG, Opfikon, Switzerland (unchanged compared to the financial year 2008).

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 exist since 1 March 2008 primarily within the context of service procurements (above all procurement of IT advisory and programming services). In total, in the financial year 2009 services were procured from eQuadriga Software Private Limited in the amount of €235 thousand (in the period from 1 March 2008 to 31 December 2008: €168 thousand); the services were invoiced at customary market conditions. As at 31 December 2009, the trade liabilities contain liabilities vis-à-vis eQuadriga Software Private Limited in the amount of €20 thousand (previous year: €22 thousand).

30 Parent company organs

Executive Board

Mr. Ulrich Dietz, Chairman of the Executive 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 Holding, S.A., Sant Cugat del Vallès, 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 Holding, S.A., Sant Cugat del Vallès, Spain (Deputy Chairman)
– GFT Technologies (Schweiz) AG, Opfikon, Switzerland (Advisory Board)
– GFT UK Limited, London, UK (Member of the Board)

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

supervisory board seats:

– G. Elsinghorst Handelsgesellschaft mbH, Bocholt, Germany
– GFT Iberia Holding, S.A., Sant Cugat del Vallès, Spain

Supervisory Board

Mr. Franz Niedermaier, Management consultant, Chairman

further supervisory board seats:

– SECARON AG, Munich (Deputy Chairman)
– Intrafind Software AG, Munich (Chairman)

Dr. Peter Opitz, Lawyer, Deputy Chairman

Prof. Dr. Gerhard Barth, Associated partner of Atreus GmbH, Munich, Germany (until 9 June 2009)

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 of Atreus GmbH, Munich, Germany

Dr. Markus Kerber, Head of the Department for General Policy at the German Federal Ministry of the Interior, Berlin, Germany (from 9 June 2009 to 5 November 2009)

further supervisory board seats:

– Computershare Ltd., Melbourne, Australia (non-executive director)

Prof. Dr. Hans-Peter Burghof, holder of the Chair of Banking and Financial Services, University of Hohenheim (from 9 February 2010)

further memberships in comparable controlling bodies:

– member of the Exchange Council of the Baden-Württembergische Wertpapierbörse in Stuttgart, Germany

Total remuneration for the Executive Board for the 2009 fiscal year amounted to €1,557 thousand (previous year: €1,242 thousand). 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 €88 thousand (previous year: €83 thousand) have been formed.

Total remuneration for the Supervisory Board of GFT AG for the 2009 fiscal year amounted to €81 thousand (previous year: €83 thousand). It is exclusively comprised of fixed, not profit related commission. As the year before, in the financial year 2009, 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 2008 and 2009 are comprised as follows:

Executive Board members	Ulrich Dietz	Marika Lulay	Dr. Jochen Ruetz	Total
Shares	Quantity	Quantity	Quantity	Quantity
As at 01.01.2008	7,447,829	25,000	100,000	7,572,829
Additions	63,000	300	300	63,600
Disposals	-17,831	0	0	-17,831
As at 31.12.2008	7,492,998	25,300	100,300	7,618,598
Additions	0	1,240	0	1,240
Disposals	0	0	0	0
As at 31.12.2009	**7,492,998**	**26,540**	**100,300**	**7,619,838**

Supervisory Board members	Franz Niedermaier	Dr. Peter Opitz	Prof. Dr. Gerhard Barth	Dr. Thorsten Demel	Dr. Simon Kischkel	Andreas Bernhardt	Dr. Markus Kerber [1]	Total
Shares	Quantity	Quantity	Quantity	Quantity	Quantity	Quantity	Quantity	Quantity
As at 01.01.2008	30,000	0	0	0	1,302	13,000	0	44,302
Additions	20,000	0	0	0	0	13,000	0	33,000
Disposals	0	0	0	0	0	0	0	0
As at 31.12.2008	50,000	0	0	0	1,302	26,000	0	77,302
Additions	0	0	0	0	0	0	1,316,304	1,316,304
Disposals	0	0	0	0	0	0	-1,316,304	-1,316,304
As at 31.12.2009	**50,000**	**0**	**0**	**0**	**1,302**	**26,000**	**0**	**77,302**

[1] The additions and disposals of Dr. Markus Kerber refer to his appointment to and retirement from the Supervisory Board

31 Employees

In the 2009 financial year there were 1,053 employees on average, compared to 1,037 in 2008. There was an average of 1,003 employees in continued operations.

32 Auditing fees

The auditing fees invoiced by the auditors of the consolidated accounts, Grant Thornton GmbH Wirtschaftsprüfungsgesellschaft, for the 2009 financial year totalled:

€ thsd.	2009	2008
Auditing of financial statements	202	201
Other ratification or valuation services	55	61
Tax accountancy services	–	–
Other services	19	33
	276	**295**

33 Events after the balance sheet date

No noteworthy events with a direct impact on the Group's assets, financial and earnings position have occurred during the year up to 5 March 2010. We refer to the information in the Group management report.

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

GFT AG received notification on 1 March 2010 from AvW Invest AG, Krumpendorf, Austria, regarding an equity stakeholding, the text of which was as follows:

»In their communication dated 1 March 2010, pursuant to section 21 subsection 1 of the German Securities Trading Act, AvW Invest AG, Krumpendorf, Austria, informed us that, with effect from 25 February 2010, their voting power in GFT Technologies AG fell under the 5% threshold and as at this date stands at 4.737% (1,247,040 votes).«

GFT AG received notification on 25 June 2009 from AvW Invest AG, Krumpendorf, Austria, regarding an equity stakeholding, the text of which was as follows:

»In their communication dated 25 June 2009, pursuant to section 21 subsection 1 of the German Securities Trading Act, AvW Invest AG, Krumpendorf, Austria, informed us that, with effect from 24 June 2009, their voting power in GFT Technologies AG (ISIN: DE0005800601, WKN: 580060) exceeded the 5% threshold and as at this date stands at 5.01% (1,319,049 votes).«

GFT AG received notification on 29 May 2009 from AvW Invest AG, Krumpendorf, Austria, regarding an equity stakeholding, the text of which was as follows:

»In their communication dated 29 May 2009, pursuant to section 21 subsection 1 of the German Securities Trading Act, AvW Invest AG, 9201 Krumpendorf, Hauptstrasse 118, Austria, informed us that, with effect from 29 May 2009, their voting power in GFT Technologies AG exceeded the 3% threshold and as at this date stands at 3.749% (987,040 votes).«

GFT AG received notification on 31 March 2009 from Dr. Markus Kerber regarding an equity stakeholding, the text of which was as follows:

»In his communication dated 31 March 2009, pursuant to section 21 subsection 1 of the German Securities Trading Act, Dr. Markus Kerber, Germany, informed us that, with effect from 27 March 2009, his voting power in GFT Technologies AG exceeded the 5% threshold and as at this date stands at 5.00003% (1,316,304 votes).«

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 18 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 17 July 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, Germany.«

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 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 at 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 at 1 April 2002.«

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

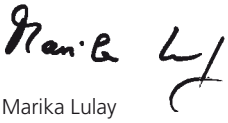
On 14 December 2009, the Executive Board and the Supervisory Board issued the updated Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act, and made it permanently publicly available on the Company's website (www.gft.com) as at 21 December 2009.

Stuttgart, 5 March 2010

GFT Technologies Aktiengesellschaft

The Executive Board

Ulrich Dietz
Executive Board (Chairman)



Marika Lulay
Executive Board

Dr. Jochen Ruetz
Executive Board

RESPONSIBILITY STATEMENT

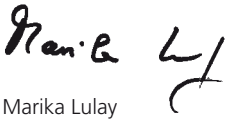
To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development 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, 5 March 2010

GFT Technologies Aktiengesellschaft

The Executive Board

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 2009 and ending 31 December 2009. 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, 9 March 2010

Grant Thornton GmbH

Wirtschaftsprüfungsgesellschaft

Gernot Hämmerle
Auditor

Jürgen Scheftschik
Auditor

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 2009 of €4,473,989.24 be applied as follows:

Payment of a dividend of €0.10 per ordinary share:	€2,632,594.60
Retained earnings:	€1,841,394.64
Balance sheet earnings:	€**4,473,989.24**

The amount in unappropriated profit which relates to the treasury stock held by the corporation at the date of the Annual General Meeting is carried forward to the following year.

Stuttgart, 1 March 2010

GFT Technologies Aktiengesellschaft

The Executive Board

INCOME STATEMENT (AG)

for the period from 1 January to 31 December 2009
GFT Technologies Aktiengesellschaft, Stuttgart

€		2009	2008
1.	Revenue	40,254,575.63	37,935,849.89
2.	Change in inventories of work in progress	1,841,404.48	-556,615.44
3.	Other operating income	6,692,078.45	6,341,662.29
		48,788,058.56	43,720,896.74
4.	Cost of materials:		
	a) Cost of purchased goods	17,770.22	0.00
	b) Costs of purchased services	25,205,775.60	19,686,502.12
		25,223,545.82	19,686,502.12
5.	Personnel expenses:		
	a) Salaries and wages	13,989,141.48	13,606,195.81
	b) Social security and expenditures for retirement pensions	1,809,798.98	1,764,759.75
	– of which for retirement pensions €42,279.62 (previous year: €45,437.81)		
		15,798,940.46	15,370,955.56
6.	Depreciation on intangible assets and tangible assets	1,991,004.44	565,714.28
7.	Other operating expenses	7,603,850.92	6,610,581.78
		-1,829,283.08	1,487,143.00
8.	Income from investments	3,300,000.00	6,070,000.00
	– of which from affiliated companies €3,300,000.00 (previous year: €6,050,000.00)		
9.	Income from profit transfer agreements	1,744,728.60	2,158,722.40
10.	Tax sharing payments from subsidiaries	280,520.00	325,495.00
11.	Other interest and similar income	454,656.91	921,772.86
	– of which from affiliated companies €153,254.23 (previous year: €469,113.19)		
12.	Depreciation on financial assets and on securities classified as current assets	0.00	991,700.00
13.	Interest and similar expenses	7,412.31	145,594.72
	– of which from affiliated companies €5,283.62 (previous year: €142,189.20)		
		5,772,493.20	8,338,695.54
14.	Result from ordinary business activities	3,943,210.12	9,825,838.54
15.	Taxes on income	105,264.34	326,196.82
16.	Other taxes	14,411.43	16,592.23
		119,675.77	342,789.05
17.	Net income	3,823,534.35	9,483,049.49
18.	Earnings carried forward from previous year	2,350,454.89	0.00
19.	Allocations to retained earnings		
	– to other retained earnings	-1,700,000.00	-4,500,000.00
20.	**Net earnings**	**4,473,989.24**	**4,983,049.49**

BALANCE SHEET (AG)

as at 31 December 2009
GFT Technologies Aktiengesellschaft, Stuttgart

Assets

€	31.12.2009	31.12.2008
A. Non-current assets		
I. Intangible Assets		
Licences, industrial property rights and similar rights and values	1,311,307.00	2,794,497.00
II. Tangible assets		
Other equipment, office and factory equipment	881,052.06	933,853.00
III. Financial assets		
1. Shares in affiliated companies	16,361,802.50	16,044,775.22
2. Investments	4,536.44	4,536.44
	16,366,338.94	**16,049,311.66**
	18,558,698.00	**19,777,661.66**
B. Current assets		
I. Inventories		
Work in progress	5,063,060.74	3,221,656.26
II. Receivables and other current assets		
1. Trade receivables	5,578,848.81	2,097,809.26
2. Receivables from affiliated companies	14,681,049.65	11,869,639.12
3. Receivables from participations	0.00	675.00
4. Other assets	1,316,099.79	1,395,525.54
	21,575,998.25	**15,363,648.92**
III. Securities		
Other securities	2,146,800.00	1,802,800.00
IV. Cash balance, cash at banks	14,767,050.45	16,122,248.91
	43,552,909.44	**36,510,354.09**
C. Accruals and deferrals	70,838.85	92,195.88
D. Deferred tax assets	93,758.00	120,861.00
	62,276,204.29	**56,501,072.63**

The complete Annual Financial Statements of GFT Technologies AG including the Management Report with the unqualified audit opinion of the external auditors can be viewed in the Company Register. They can also be requested in printed form from GFT Technologies AG.

Liabilities

€		31.12.2009	31.12.2008
A.	**Shareholders´equity**		
I.	Share capital	26,325,946.00	26,325,946.00
	– Conditional capital €8,280,000.00 (previous year: €8,280,000.00)		
II.	Capital reserve	2,745,042.36	2,745,042.36
III.	Retained earnings		
	Other retained earnings	8,543,349.97	6,843,349.97
IV.	Net earnings	4,473,989.24	4,983,049.49
		42,088,327.57	**40,897,387.82**
B.	**Provisions**		
	1. Provisions for pensions	257,758.00	237,259.00
	2. Provisions for taxation	736,760.00	689,485.00
	3. Other provisions	4,816,811.12	4,100,461.40
		5,811,329.12	**5,027,205.40**
C.	**Liabilities**		
	1. Advance payments on orders	5,636,323.73	5,019,416.48
	2. Trade liabilities	584,387.30	1,061,999.99
	3. Liabilities to affiliated Companies	7,659,217.97	3,755,181.33
	4. Liabilities to participations	10,140.00	71,175.42
	5. Other liabilities	477,425.65	665,619.53
		14,367,494.65	**10,573,392.75**
D.	**Accruals and deferrals**	9,052.95	3,086.66
		62,276,204.29	**56,501,072.63**

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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

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The Annual Report 2009 is also available in German. The online versions of the German and English Reports are available on www.gft.com/ir.

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:
Impacct Communication GmbH, Hamburg, www.impacct.de

Photography:
Michael Dannenmann, Dusseldorf, www.michael-dannenmann.de

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KEY FIGURES ACCORDING TO IFRS

		Continued operations	Continued operations			
		2009	**2008**	**2007**	**2006**	**2005**
Income Statement						
Revenue	€m	216.81	236.62	247.07	173.68	120.94
Earnings before interest, tax, depreciation and amortisation (EBITDA)	€m	8.54	10.63	13.10	7.31	2.11
Earnings before interest and taxes (EBIT)	€m	7.34	9.08	11.68	6.15	0.85
Earnings before taxes (EBT)	€m	7.86	9.62	12.36	6.67	1.58
Net income	€m	6.19	7.91	8.59	5.11	1.06
Balance Sheet [1]						
Non-current assets	€m	29.77	31.33	30.89	30.76	24.11
Cash, cash equivalents and securities	€m	37.71	35.19	28.70	23.89	28.65
Other current assets	€m	43.85	46.98	52.34	37.55	25.60
ASSETS	€m	113.38	113.50	111.93	92.20	78.36
Non-current liabilities	€m	1.94	2.37	2.84	2.85	4.08
Current liabilities	€m	44.02	47.96	51.36	39.99	29.82
Shareholders´ equity	€m	65.75	63.17	57.73	49.36	44.46
LIABILITIES	€m	113.38	113.50	111.93	92.20	78.36
Equity ratio	%	58	56	52	54	57
Cash flow [2]						
Cash flow from operating activities	€m	6.57	9.20	9.34	1.50	-0.84
Cash flow from investing activities	€m	-0.75	-1.81	-1.48	-3.60	1.04
Cash flow from financing activities	€m	-2.63	-0.70	-2.41	1.69	-0.01
Employees						
Number of permanent employees (as at 31 Dec.)	no.	1,096	969	1,087	1,057	981
Share						
IAS earnings per share	€	0.23	0.30	0.33	0.19	0.04

[1] In accordance with IFRS 5 regulations, the balance sheet figures for 2008 include the discontinued operation »*Software*«.

[2] According to IFRS 5 the discontinued operations (segment *Software)* are included in all cah flow figures.

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