



# inspiring IT

ANNUAL REPORT 2010

# Strategic IT partner for companies around the world

GFT Group shapes and optimises the business processes of its clients with innovative IT solutions and best-fit technological expertise.

## Innovations for the financial sector

Tailored IT solutions for key future issues in retail, corporate and investment banking

## Expertise for technology projects

Placement of highly skilled specialists for more flexible manpower planning

## Extensive technological know-how

Combining new and proven technologies to create future-proof IT applications

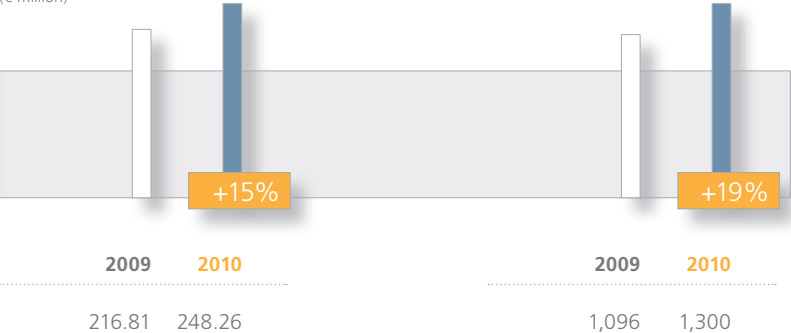
## Global network of experts

International team of 1,300 employees and 1,200 freelance specialists for the realisation of cross-border IT projects

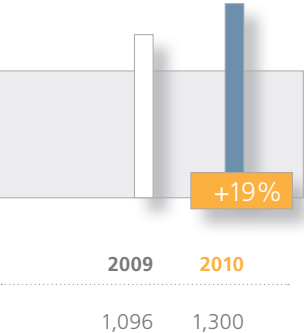
# GFT on track for growth

Revenue

(€ million)

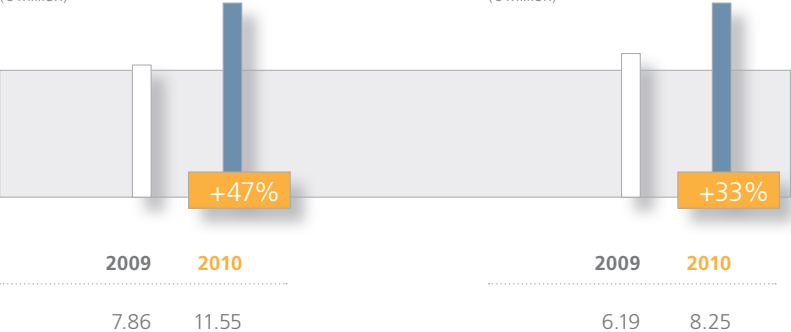


Employees



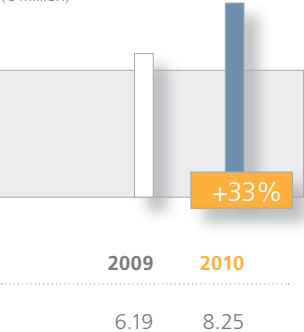
EBT

(€ million)

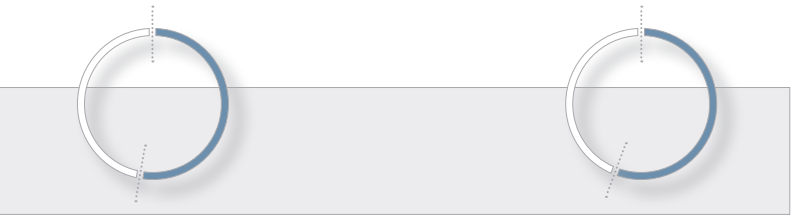


Net income

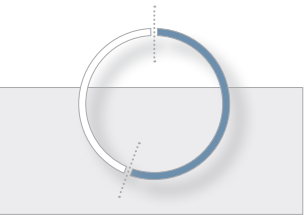
(€ million)



Revenue by segment



Revenue by region



Resourcing 53%  
Services 47%

Germany 56%  
Abroad 44%

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



## Services

|                                  | 2010          | 2009         |
|----------------------------------|---------------|--------------|
| Revenue (€ million) .....        | <b>116.47</b> | <b>91.35</b> |
| Segment result (€ million) ..... | <b>9.40</b>   | <b>6.21</b>  |
| Employees .....                  | <b>1,160</b>  | <b>980</b>   |

We design, deliver and maintain customised IT solutions. For the financial sector, we develop innovative business models to optimise and mobilise banking processes.

## Resourcing

|                                  | 2010          | 2009          |
|----------------------------------|---------------|---------------|
| Revenue (€ million) .....        | <b>131.77</b> | <b>125.45</b> |
| Segment result (€ million) ..... | <b>2.99</b>   | <b>2.75</b>   |
| Employees .....                  | <b>100</b>    | <b>80</b>     |

We provide fast and flexible sourcing of ideally suited and highly skilled IT specialists for companies in all sectors. In addition, we handle the complete management of external IT service providers for our clients.

## *inspiring IT*

– the promise to our clients. As a strategic IT partner for leading customers around the world, we are committed to consistently being one step ahead – in our approach and in what we deliver. We know the business processes of our clients inside out. Our proactive, competent and creative support helps them achieve their targets. As an innovative IT company we are also open for inspiration from outside. We allow this inspiration to flow into our daily work and pass it on to our clients in the form of exceptional IT solutions.

In 2010, our willingness to tread new ground was rewarded once again. Together with our clients, we translated new technological developments into sustainable business models. With our commitment and fresh ideas, we were able to harness the upswing of a recovering economy: GFT is still firmly on track for growth.



*Ulrich Dietz, Chairman of the Executive Board*

»Inspiration, curiosity and courage are the source of innovation. If you want solutions that make a lasting impression, you must promote dialogue, think outside the box and have faith in your ideas. In other words: dare to innovate!«

## Letter from the CEO

*Ladies and gentlemen,*

In the past financial year we continued to chart our steady course for growth. Our international team displayed tremendous dedication in grasping and successfully implementing the opportunities presented. The pace of economic recovery was still not apparent in early 2010, but the markets became considerably more stable as the year progressed. As a consequence, there was increasing demand for IT solutions and IT specialists. With our portfolio of services, we were excellently placed to exploit this development: our revenue and operating result improved from quarter to quarter – exceeding even our own growth expectations. With total revenue of €248.3 million, we achieved year-on-year growth of 15% and posted our highest-ever revenue figure just one year after the economic crisis. Earnings before tax reached €11.6 million and were thus also clearly in excess of the prior-year level.

The strongest growth was generated by our *Services* division, where we benefited from consistently high demand in the financial sector. A key milestone was set in late 2009 with the award of a major project in Spain: Over a period of seven years, GFT has been entrusted with the development and maintenance of a significant proportion of all IT applications for the Spanish subsidiary of a leading European bank. It was particularly encouraging that we could integrate the newly acquired staff into the organisational structure of our local centre of excellence so quickly and smoothly. More and more of our clients are now using such opportunities to create more flexible cost structures. In the UK and USA, demand was particularly strong for IT solutions for corporate and investment banking. Our flourishing business in the USA also benefited from the proximity of our Brazilian development facility. With the growth of business, we have recruited numerous new employees in these markets and strongly expanded our capacities.

In the *Resourcing* division, orders picked up noticeably in the second half of the year. The economic recovery of the industrial sector led to rising demand for freelance specialists. In the past year, we expanded our range of services and now successfully place engineers for plant and machinery in addition to IT specialists. In France, we were able to generate encouraging growth with a number of new clients, while in the UK and Switzerland we continued to strengthen our market positions.

As already announced, we terminated our activities in the *Software* division in May 2010 with the sale of GFT *inboxx* GmbH to a powerful partner.

The capital market honoured the fundamental strength of GFT with a strong increase in the GFT share price. We would like our shareholders to share in the success we achieved in the past financial year. At the Annual General Meeting in May, the Executive Board and Supervisory Board will therefore propose an increased dividend of €0.15 per no-par value share for financial year 2010 – an increase of 50% over last year's dividend. This also expresses our confidence in the future.

GFT is excellently positioned around the world to continue its positive development. Our portfolio of services is sharply focused on the needs of our markets. We also cover future topics in information technology and offer innovative solutions which add extra impetus to the business models of our customers. This understanding of our role is expressed by »inspiring IT«. This is the commitment of our 1,300 employees.

There are many reasons, therefore, to be optimistic about our future prospects. In our *Services* division, we see potential above all in the field of mobile banking applications – an area for which GFT has a dedicated centre of expertise. We have also launched solutions for advising private customers on investments via new end-user devices and platforms. Both these topics are explained in this edition of our annual report on pages 16 to 19.

We plan to strengthen our international positioning in the *Resourcing* division. There is increasing pressure on companies to enhance their flexibility with regard to manpower planning and skills. Moreover, the impending shortage of skilled employees means that specialist knowledge in mathematics, IT, science and engineering will become an increasingly valuable asset. Jean-François Bodin, who has headed GFT's *Resourcing* division since 2006, will continue to drive this business. In March 2011, the Supervisory Board appointed him as a new member of the Executive Board.

Highly motivated and brimming with new ideas, we shall continue to drive GFT forwards and develop the group through organic growth and strategic acquisitions. In 2011, we aim to raise revenue to €275 million and generate pre-tax earnings of €13 million. Our profitability and financial strength will help us achieve sustainable growth in the value of our company and the GFT share.

We thank you for accompanying us on this journey and trust you will maintain your close ties with the company. GFT remains a sound and attractive long-term investment, an inspiring business partner and a responsible employer offering attractive prospects for the future.

Yours sincerely,



Ulrich Dietz  
Chairman of the Executive Board

»Providing holistic support for our customers means fully understanding them. In order to offer solutions which not only satisfy our customers but inspire them, we must act as equals and blend methodology with creativity.«



*Marika Lulay, Member of the Executive Board*

»Inspiration needs the space provided by an open corporate culture and efficient processes. Each individual can make a contribution in the pursuit of the perfect solution: with ideas, knowledge and perseverance.«



*Dr. Jochen Ruetz, Member of the Executive Board*

»A clear vision, passion and a strong focus on results: only the combination of these three factors can lead to success. Teams that achieve this, can transform inspiration into actions with a genuine added value.«



*Jean-François Bodin, Member of the Executive Board  
(since March 2011)*



*The Executive Board at the Competence Centre in Barcelona*

**Jean-François Bodin**

has been a member of the Executive Board since March 2011 and is responsible for the *Resourcing* division.

**Marika Lulay**

has been a member of the Executive Board since 2002. She is responsible for the *Services* division, Key Account Management and the corporate divisions Technology and Quality Management.

**Ulrich Dietz**

founded GFT in 1987 and as Chief Executive Officer is responsible for the corporate divisions Business Development, Marketing, Corporate Communications and Investor Relations.

**Dr. Jochen Ruetz**

has been Chief Financial Officer since 2003. He is responsible for the corporate divisions Finance, HR, Internal Audit, Legal Affairs, Procurement and Internal IT.

# Inspiration

Ideas are often formed by chance. Success comes to those who can use this chance creatively. To create something new, you have to leave the well-trodden paths and go through life with your eyes wide open. This is why we are always on the lookout for inspiration and new ideas. We are curious and exchange our ideas. In this way, we get to know new approaches and expand our horizon.

We have encountered some impressive people during our group-wide innovations research activities. We were fascinated by such outstanding examples of the pioneering spirit as Graham Hawkes, Antonella Battaglini and Ken Yeang. It was a pleasure to be inspired by them ...

## Graham Hawkes

In order to unlock the secrets of the deep seas, engineer Graham Hawkes develops winged submersibles which offer unprecedented speed and agility. His vehicles have even been featured in Hollywood productions. Hawkes's latest innovation is the »Deep Flight Super Falcon«. This high-tech submersible can »fly« up to 200 meters below the surface. Light and noise emissions are greatly reduced so as not to harm the biosphere.





## »» My inspiration is the depth of the oceans ...

... Only five percent of the world's oceans have been explored even though the oceans hold the resources to help sustain humanity into the future. Cost-effective access to our ocean space is the key, and this was the motivation for me to find a faster, more elegant and eco-friendly way to move through the water. My hope is that our »Super Falcon« submersible will be used as an ambassador of the oceans so that people can get to know our beautiful blue planet better in order to treat it with more respect.«





Antonella Battaglini's aim is to create a 100% renewable energy supply. This led her to develop the concept of the »SuperSmart Grid«: electricity is generated wherever there are rich sources of renewable energy – for example, wind power in the North Sea and solar energy in the Sahara. Modern transmission networks will then transport this energy with little or no loss over long distances – to wherever it's needed around Europe.

## Antonella Battaglini

... I believe it is possible to generate electricity completely from renewable sources and that we can finance such a venture. This is the belief which drives me in my daily work. As a business graduate, I'm new to this sector – and maybe that helps me to bring a fresh perspective and new ideas to the challenge. My approach is quite different to that of the scientists: by looking at the problem from the outside, I feel I'm more likely to discover possible interfaces – the basis for intelligent fusion concepts.«

## »» I'm concerned about the world ...

... Whereby nature is my teacher and my key source of inspiration.

Our planet cannot survive without ecodesign. I have dedicated my life to developing a comprehensive theory of ecological design and planning. For over 40 years, I have been true to my guiding principles: to plan and design each project in harmony with nature.«

### Ken Yeang

The architect Ken Yeang is regarded as the father of the bioclimatic skyscraper and radical pioneer of our green future. His architecture combines urbanity with bioclimatic, energy-saving and ecological principles. His »ecodesign« imitates nature: by designing parks, towns and buildings as artificial ecosystems, Ken Yeang helps reconcile them with their natural environment.







inspiring IT

[illegible]

# Financial advice: modern and transparent

GFT's new touch banking solution, a-touch, allows customers to »experience« financial advice. Intelligently coordinated processes have ushered in a new generation of IT-assisted solutions for private banking and wealth management.

## Making financial advice an interactive experience

In November 2010, GFT unveiled a-touch at the Euro Finance Week in Frankfurt – Europe's largest financial sector gathering. Whether on the iPad or a large flat-screen monitor, this innovative IT solution makes giving and receiving financial advice a refreshingly new experience. Investor and advisor can now jointly develop the right investment strategy in an interactive dialogue. Short informative films are used to explain complex products, while graphics illustrate portfolio composition and prospective returns to help the investor make the right decision. The result: optimum quality and transparency.

Financial advisors wishing to advise their clients outside the bank's premises can also deploy a-touch on mobile devices. In this case, the software is controlled by Apple's iPad device. Equipped with additional security elements, the mobile solution offers the same functionality as the a-touch for stationary use.



## Easy legal compliance

a-touch provides system-based support to meet the legal directives for financial advisors, while minimising the financial institute's risks and helping banks comply with regulatory requirements.

During a structured dialogue with the investor, intelligent process logic ensures that each mandatory stage is completed in the correct sequence. It considers individual investment targets and risk profiles, compares them with the proposed financial products and presents a transparent overview of the investment's opportunities and risks. At the same time, the financial advice provided is documented and summarised in an automatically generated record of the discussion.



### → | ACTIVE CUSTOMER

*Using a-touch, customers themselves interact with technology and actively shape the financial advice process according to their own needs.*

# Bank transactions: mobile and safe

The market for mobile phones, smartphones and tablet PCs is booming. For financial service providers, this trend offers considerable potential for new business. An increasing number of banks are now offering customers not only the possibility of online banking but also mobile banking. GFT develops innovative and safe IT solutions for such applications.

## Bank in your pocket

Checking your account balance, transferring money, tracking share prices – this is now all possible whenever and wherever the customer wants. Moreover, the versatility of mobile devices also paves the way for new application types. Via GPS, for example, the user's current position can be located – a prerequisite for personalised, location-based services such as displaying the nearest cash dispenser.

## Mobile phone as electronic wallet

Mobile payment methods represent a further new trend. More and more customers are now using their mobile phones and smartphones as debit and credit cards – meaning they no longer need to search for the right change. There are various ways of using such phones: in the non-contact process, the smartphone communicates wirelessly over a short distance with the payment device without the need for any additional card. In the case of remote payment systems, such as those used in social networks, the user is texted a transaction number.

### GFT's Mobile Finance Competence Centre

At GFT's Mobile Finance Competence Centre in Barcelona, our experts develop innovative business models and turn new technological developments into tailored IT solutions. So-called bank apps are integrated into the customer's existing technological environment. Cross-platform solutions ensure flexibility and enable users to swiftly adapt applications to varying devices and operating systems. As an experienced IT partner for the financial services sector, GFT has established extensive expertise in data protection, IT security and authentication – the most critical aspects for modern mobile banking applications.



#### → | MOBILE PHONE

**PAYMENTS** *The IT solutions we develop at our Mobile Finance Competence Centre combine the strictest security standards with cutting-edge functionalities.*

## Dedicated and highly qualified staff



GFT's success is rooted in the passion and expertise of its international team: 1,300 employees around the world dedicated to being an innovative and reliable IT partner for our clients. In order to encourage their creativity, know-how and personal development, we create inspiring work environments and offer top-class training opportunities. We are convinced that skilled and motivated employees are the foundation for sustainable customer relationships based on mutual trust.



## → | GLOBAL GROWTH OF GFT

**TEAM** *The number of GFT employees grew to 1,300 in 2010: an increase of ...*

# 19%

As an international IT company, we are keen to attract the world's best employees, to enhance their skills and encourage their personal development. Individualised training opportunities ensure that our employees have the necessary hard and soft skills, as well as a firm grounding in methodology. This enables us to not only keep pace with the rapid technological changes of our sector – but to stay one step ahead.

We have also established a series of group-wide programmes and initiatives aimed at strengthening cross-national and cross-divisional cooperation between employees and nurturing individual skills.

### Our High Potential Programme: projects spark innovation

GFT provides long-term support for ambitious young executives. Highly skilled staff work in project groups focussing on topics from our daily business. The result: new perspectives and creative ideas for our company. Our junior team members also benefit from exchanging notes with colleagues from other countries. They regularly report their results to management and the Executive Board.

### Staff survey: drive to optimise work environment

We value the opinions of our employees. Their suggestions form the basis for our continuing efforts to make working at GFT even more attractive. In 2010, we therefore held our second group-wide and anonymous staff survey. Some 600 employees took the opportunity to give us their personal views on topics such as: work, information and communication, corporate values and management quality. The measures we introduced after the first survey are already positively reflected in the recent survey results.

### Mentoring programme: personal support during daily project work

We also attach great importance to the personal development of our employees during their daily project work, where teams regularly face new challenges. In our *Services* division, we have established an internal mentoring programme which allocates an experienced mentor to each employee, thus smoothing the path for new colleagues and helping their integration into the team. Mentors remain constant companions, accompanying colleagues throughout their working life and regularly providing personal and professional support. They act as intermediaries between the expectations of the employee and the requirements of the company.

### GFT Services-Academy: top-class training courses

In order to keep pace with dynamic technological change in the IT sector, the GFT Services-Academy has developed a wide range of training courses for staff. In addition to specialist technical training, courses are also offered on methodology – such as project management and risk management. Staff can also attend language courses and seminars on so-called soft skills. The programme is aimed at staff in consulting, sales and project management positions. The highly popular training courses are conducted both in-house and off-site. GFT has also established an online platform for interactive e-learning – especially for technical topics.

### Employees around the world



|             | 2010 |
|-------------|------|
| Germany     | 277  |
| Brazil      | 161  |
| France      | 16   |
| UK          | 32   |
| Switzerland | 25   |
| Spain       | 786  |
| USA         | 3    |



#### → | YOUNG GRADUATES

*GFT offers graduates interesting career opportunities. This strategy of recruiting highly skilled young staff is proving successful: our graduate ratio is ...*

# 82%

## Cooperation with universities

GFT has long been an educational partner of the University of Cooperative Education in Villingen-Schwenningen. As well as studying business theory, students of the International Business and Industry courses can gather hands-on experience in various departments and at various GFT locations. In order to prepare them for later international projects, GFT also offers students the chance to spend part of their work experience time outside Germany. After successful completion of the three-year course, students are awarded a »Bachelor of Arts« degree.

In 2010, GFT launched a similar cooperative study model in computer science with the University of Darmstadt. Once again, the course blends academic university studies with in-company experience. The advantage: the »Master of Science« undergraduates get to know GFT as a possible employer and can familiarise themselves with its corporate culture and project standards. During their studies, students not only learn about the specifics of the IT sector but can acquire useful experience for their subsequent career. At the same time, both the university and GFT benefit from the mutual exchange of knowledge.

## Spain: active graduate recruitment

In Spain, GFT has been cooperating with various universities since 2007 – including Universidad Autònoma de Barcelona and the Catalan Pompeu Fabra. Spanish students have the possibility to do their mandatory internship at GFT after their last semester. Both sides benefit from this cooperation: while students gather initial experience in their chosen field of work, GFT also uses the opportunity to recruit new employees. Experience has shown that interns often stay on at the company after graduation.

GFT also gives interns, working students, undergraduates and trainees the possibility to gain an insight into daily working practices.

## Strategy: sustainable international growth

GFT is one of the leading providers of IT services for the financial sector and a strategic IT partner for numerous companies around the world. We aim to expand our international market position and achieve annual double-digit growth in revenue and earnings. In our two business divisions, *Resourcing* and *Services*, we focus on an international network of IT specialists and engineers as well as the development of sustainable IT solutions and business models for our customers. Innovation and an intimate understanding of our clients are deeply ingrained in our corporate culture.

### »inspiring IT« – innovative IT solutions for key future issues

In order to achieve sustainable and profitable growth aimed at raising corporate value, we focus on new ideas, our operating strengths, our outstanding technological expertise and our profound sector knowledge. We regard the service we provide as an all-embracing responsibility. Our clients benefit from the advantages of GFT's international development centres and our in-depth knowledge of their business processes. We know their market requirements in detail and are able to undertake complex IT projects across national borders. In addition, we can quickly supply highly skilled IT specialists and engineers tailored to meet specific temporary needs. For companies in all sectors, this provides greater flexibility when planning manpower needs for technology projects.

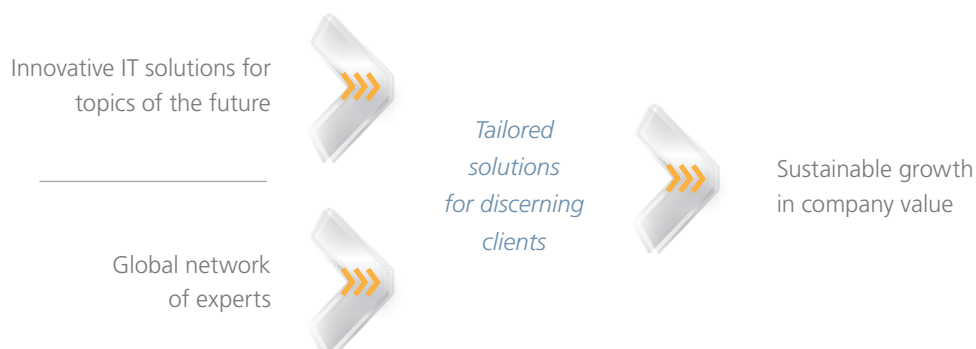
### Value creation with a clear focus

As an integrated international IT service provider, we consistently strive to improve GFT's services and to align them exactly with market needs. In all our activities, we focus on enhancing the specific strengths of our two business divisions. We pursue specially tailored strategies for each division but also utilise the synergies which result from their interaction. We focus on driving those projects which contribute most towards raising the value of our company. In this way, we can sharpen our competitive edge and achieve sustainable growth in revenue and earnings – thus creating long-term added value for our shareholders. Raising the value of their investment is at the heart of all our business activities.

### Services

Our *Services* division designs and develops best-fit, innovative IT solutions for our customers, as well as providing the respective maintenance. We focus above all on the financial services sector and not only develop applications but also offer IT consulting for banks.

We are committed to enhancing our core competencies. Our long-term orientation is aimed at specialising on specific content within the financial sector with the aim of optimising our understanding of customer needs and strengthening our expertise. We continually work on reaching this target. At the same time, we take particular care to enhance the professional and technological skills of our employees and to utilise them as efficiently as possible. We permanently monitor technological developments and carefully analyse the specific needs



of each client market. In order to pursue special technological trends, we maintain strategic partnerships with suppliers of standard banking solutions and leading technology companies. Based on our findings, we then expand and develop the corresponding professional skills of our employees throughout the GFT Group.

In addition to steadily expanding business with existing clients, we also aim to broaden our customer base by attracting new clients. Our focus here is on the financial markets of Great Britain and the USA, which have now fully recovered from the financial market crisis. We supply this sector with outstanding applications for corporate and investment banking. We also see tremendous potential for developing our activities in Brazil – we are therefore focusing on our cooperation with European financial institutes active on the South American continent. In Germany and Switzerland, we plan to broaden our client profile and target more and more regional banks. Our Global Delivery Model enables us to react swiftly to the rising demand for IT outsourcing solutions and reliably supply the required services in the respective nations. Our specialised services combine the flexibility of local IT service providers with the attractive cost structures of an offshore supplier – making us the preferred outsourcing partner for our clients.

### *Resourcing*

In our *Resourcing* division, we place highly skilled IT specialists and engineers with companies around the world and put together effective project teams. This gives companies in all sectors greater flexibility when planning their manpower needs for technology projects. If required, we can also assume the complete management of our clients' external service providers.

Considering the current demographic development and the impending shortage of skilled staff, we expect the global need for highly qualified specialists to grow further in future. At the same time, companies need to become more flexible with regard to their available skills and manpower. Both these trends will give a tremendous boost to our *Resourcing* business. We therefore aim to remain a competent and reliable IT resourcing partner, working closely with our clients to realise global and complex IT projects. Our guiding principle is to place top-class experts with technological and professional skills in order to create a genuine competitive advantage for our clients.



We strive for long-term business relationships and plan to expand our client base in Germany, France, Great Britain and Switzerland and to strengthen our international positioning. We therefore focus our activities on growth industries, such as financial services, digital media and selected industrial sectors. Within these sectors, we then concentrate on important processes for the respective core business and provide technological know-how which is particularly in demand. We continually expand our portfolio of services with the development of skill clusters – including SAP and IT security. We also aim to raise the efficiency of our internal processes and the quality of our services. With attractive services for our freelance contractual partners, we are also an attractive partner for highly skilled IT specialists and engineers. This enables us to provide our clients with the best possible experts for their requirements.

### *Software*

With the sale of the *Software* division, we underlined our strict strategic focus on the sustainably attractive *Services* and *Resourcing* segments.

# The GFT share

2010 was a year of strong fluctuation and continuing uncertainty for the world's stock markets. The GFT share performed better than average in this difficult environment. With year-on-year growth of 69%, it easily outperformed all the major indices. Market capitalisation rose to over €100 million.

## Stock markets – year-end rally

In the first half of 2010 in particular, the debt crisis in several Euro zone states and the ensuing debate about the stability of the common currency led to a strong slide in share prices. This sense of uncertainty was further fuelled by fears of a return to recession in the USA, as reflected by an increase in share price volatility. A gradual improvement in company results and profitability from quarter to quarter, however, helped lift the mood on Europe's stock exchanges from mid 2010 onwards. Above all, a more expansionary monetary policy pursued by the central banks had a strongly positive impact, resulting in a dynamic year-end rally. All in all, the German stock indices enjoyed an encouraging year in 2010. With growth of 16%, the blue-chip DAX index far exceeded the hopes of investors and outperformed most major international indices – including the Dow Jones (+11%). The mid-cap MDAX rose by 34%, while the small-cap SDAX climbed by 45%. The tech-stock index, TecDAX, only managed single-digit growth of 4%.

## GFT share achieves 69% growth

The GFT share grew considerably in value during 2010, outperforming all major indices with year-on-year growth of 69%. On the year's first day of trading, the share closed at €2.45 – which also remained its lowest price throughout the year. Following publication of the company's figures for fiscal year 2009, the share peaked at €3.68 on 17 March before falling to €2.86 in early May. The GFT share reached its year-high of €4.39 on 25 November. On 30 December 2010, the share closed at €4.13. This positive development continued in early 2011: as of 18 January 2011 the GFT share was trading at €4.86.

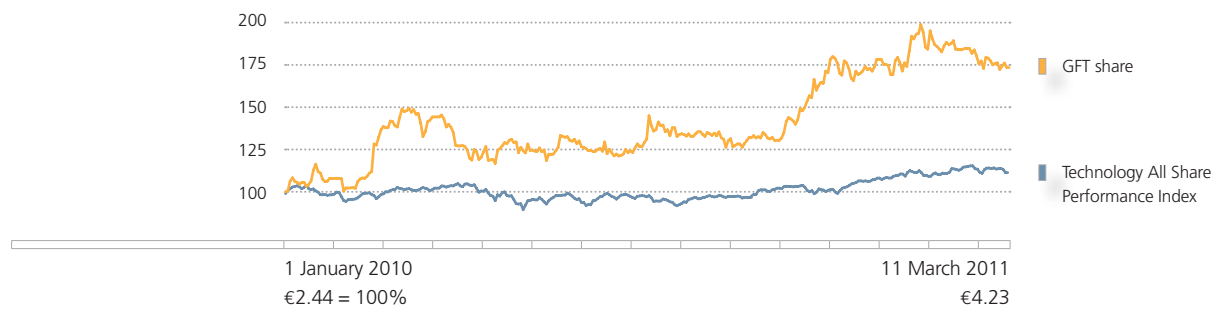
## Shareholder structure remains stable

There were no significant changes in the shareholder structure during the past fiscal year. On 25 February 2010, the voting rights held by AvW Invest AG fell below the 5% threshold. They have since amounted to 4.74% and are now attributed to the free float portion which thus accounts for 56.86% of all shares. Company founder Ulrich Dietz continues to hold 28.46% and Maria Dietz 9.68% of shares. The former Supervisory Board member of GFT Technologies AG, Dr. Markus Kerber, holds 5% of voting rights.

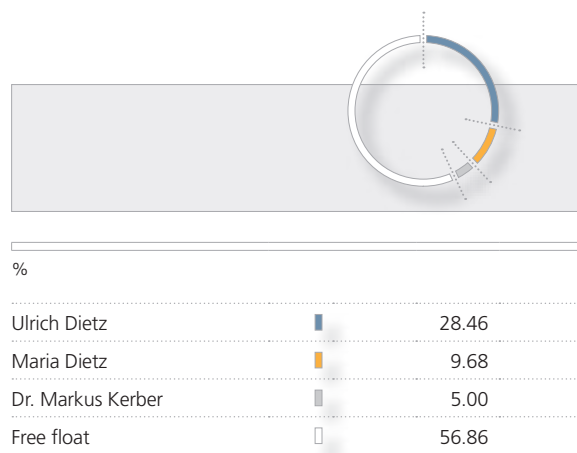
### Share price performance in Euro



### Indexed share price performance



### Shareholder structure (%)



GFT shares held by the insolvent AvW Gruppe AG are to be auctioned by the appointed administrator. The bidding process will be held independently of the stock exchange. The administrator is free to set the terms of sale.

### **Trading almost doubled**

The average trading volume in electronic trading (Xetra) and on the floor in Frankfurt almost doubled in comparison to the previous year. Whereas an average of 23,306 shares changed hands per trading day in the previous year, the figure increased to 43,249 shares in 2010.

### **Further dividend payment**

With a dividend of €0.10 per share for 2009, GFT enabled its shareholders to participate in the company's success last year. In 2010, earnings per share according to IAS 33 amounted to €0.31 (previous year: €0.23). This positive performance allows the Executive Board and Supervisory Board to continue the company's dividend policy. At the Annual General Meeting on 31 May 2011, they will recommend a dividend of €0.15 per share. This corresponds to a total dividend payment of €3.95 million.

### **Annual General Meeting adopts all resolutions**

The Annual General Meeting of GFT Technologies AG was held in Stuttgart on 20 May 2010 – 56% of voting capital was represented. The shareholders adopted all resolutions proposed by the Executive Board and Supervisory Board with a clear majority. Amongst other things, the shareholders authorised the company to purchase treasury shares.

### **Transparency through open communication**

A key aspect of our Investor Relations activities is to inform the financial community as quickly and as reliably as possible about our company's current progress, future strategy and significant events. The Executive Board and our IR team are in regular contact with institutional investors and financial analysts via conference calls, press conferences and numerous one-on-one meetings. In the past fiscal year, we also took part in the CeBIT Investor Day in Hannover, Germany, and the German Equity Forum in Frankfurt. Many other discussions were held during roadshows in Frankfurt, Stuttgart and Paris. Throughout 2010, financial analysts consistently rated the GFT share a »buy«.

The internet is a further integral component of our financial communication activities. Information on the company and its share is now permanently available in the »Investor Relations« section of our corporate website. Interested investors can not only access the latest financial reports, analyses and share details, but also subscribe to our press releases and ad hoc announcements as an email newsletter, or contact us personally. We endeavour to answer all enquiries swiftly and personally.

### **Annual report once again picks up awards**

After picking up two »gold« and two »platinums« in the previous years, we were once again singled out for praise for our Annual Report 2009. At the Vision Awards of the League of American Communication Professionals (LACP), our annual report received the »Gold Award« in the »Technology – IT Services« category, scoring 95 out of a maximum 100 points. The jury assessed over 4,000 annual reports from 25 countries.

## Contact

Our Investor Relations team will be glad to provide any further information you should require regarding the GFT share:

### GFT Technologies AG

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### Information on the GFT share

|                                         | 2010                  | 2009                  |
|-----------------------------------------|-----------------------|-----------------------|
| Opening price as at 1 January (Xetra)   | €2.45                 | €1.31                 |
| Closing price as at 31 December (Xetra) | €4.13                 | €2.44                 |
| Change in value                         | +69%                  | +86%                  |
| High (Xetra)                            | €4.39<br>(25.11.2010) | €2.98<br>(06.10.2009) |
| Low (Xetra)                             | €2.45<br>(04.01.2010) | €1.10<br>(26.01.2009) |
| Market capitalisation as at 31 December | €109 million          | €64 million           |
| Earnings per share                      | €0.31                 | €0.23                 |
| Average daily trading volume (shares)   | 43,249                | 23,306                |

|                                                               |                                                                                                          |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| ISIN                                                          | DE0005800601                                                                                             |
| Beginning of the official quotation                           | 28.06.1999                                                                                               |
| Market segment                                                | Prime Standard                                                                                           |
| Indices                                                       | German Entrepreneurial Index (GEX)<br>Technology All Share                                               |
| Designated sponsors                                           | Landesbank Baden-Württemberg (LBBW)<br>equinet AG                                                        |
| Institutions that regularly publish financial analyses of GFT | Landesbank Baden-Württemberg (LBBW)<br>equinet AG<br>Warburg Research GmbH<br>(formerly SES Research AG) |
| Number of issued bearer shares with par value of €1 per share | 26,325,946                                                                                               |

## Supervisory Board Report

Combined efforts for joint success. The Supervisory Board and Executive Board of GFT have always cooperated closely in an atmosphere of mutual trust. With open and frequent interaction, the Supervisory Board advises and monitors the Executive Board in its management of the company.



In spite of the lingering effects of the financial crisis, the GFT Group succeeded in posting considerable growth in both revenue and earnings in its financial year 2010. This was largely due to its business model based on the design and implementation of innovative IT solutions, as well as its acclaimed expertise in the financial sector and the positive effects of an extensive takeover of operations in Spain.

In accordance with its obligations pursuant to law, the rules of procedure and the Articles of Association, the Supervisory Board advised and monitored the Executive Board with regard to its management of the company. In addition to important questions regarding business operations, discussions in the past year focused on the organisation and efficiency of the GFT Group's risk management system and Internal Audit division. In written and oral reports, provided during and outside its meetings, the Executive Board furnished the Supervisory Board with regular and prompt information about the current course of business, planned developments and significant events within the GFT Group. As a result, the Supervisory Board was able to evaluate current business progress, any deviations from plans and forecasts, individual transactions and the company's strategic alignment in order to subsequently discuss each individual topic in detail with the Executive Board. The Supervisory Board was directly involved in all fundamental decisions. After thorough examination and discussion of the documents presented and the respective motions for adoption submitted by the Executive Board, the Supervisory Board granted all necessary approvals. The main topics included budget planning for financial year 2011, the sale of GFT *inboxx* GmbH and the appointment and dismissal of general managers at various subsidiaries.

→ | **FRANZ NIEDERMAIER***Chairman of the Supervisory Board*

As part of the above mentioned provision of information, the Executive Board not only furnished the Supervisory Board with financial reports, but also monthly reports with the company's key performance indicators. There were also regular meetings between the Chief Executive Officer and the Chairman of the Supervisory Board and his deputy on issues and decisions of relevance to the company. This ensured that the Supervisory Board was always able to fulfil its monitoring function promptly and according to its rules of procedure throughout the entire reporting period. At no time were there any objections concerning the Executive Board's orderly management of the company. The Supervisory Board believes that its policy of fulfilling all tasks as a complete body has proven successful and ensures a high degree of transparency. Due to its limited size, the Supervisory Board believes there is no need for it to form committees.

#### **Supervisory Board meetings and their main topics**

We held six regular Supervisory Board meetings during the year under review. Resolutions on urgent business transactions were also adopted by telephone conference and by written circulation. All Supervisory Board members were present at more than half of the meetings held during their respective terms of office.

At each of its meetings, the Supervisory Board held detailed discussions on the company's business development, dealing equally with its short-, medium- and long-term corporate and financial planning. The main topics of operating business discussed in financial year 2010 included the sale of GFT *inboxx* GmbH and the respective termination of the *Software* segment, as well as losses from project business with a major client. In connection with this, the Supervisory Board also focused on checking the organisation and efficiency of the risk management system and the Internal Audit division, as well as the results of the quality assurance measures introduced.

At its meeting on 22 March 2010, the Supervisory Board also discussed in detail the results of an efficiency audit of its own activities. The efficiency audit serves to continually evaluate and improve the Supervisory Board's work.

The Supervisory Board also met without the presence of Executive Board members during the financial year 2010. The topics at these meetings mainly concerned Executive Board affairs.

The Supervisory Board began its 2010 meeting period with a telephone conference on **26 February 2010**. During the meeting, the Executive Board and Supervisory Board discussed the preliminary figures of the Annual and Consolidated Financial Statements for the financial year 2009.

At the balance-sheet meeting on **22 March 2010**, the Supervisory Board examined in detail the Annual Financial Statements and Management Report, as well as the Consolidated Financial Statements and Group Management Report as at 31 December 2009. The Supervisory Board approved the Annual and Consolidated Financial Statements and after careful examination and discussion also agreed with the Executive Board's proposal concerning the allocation of net income. The meeting was also attended by the chief auditor. He presented his audit results and was on hand throughout the meeting to answer any questions. The Supervisory Board also carefully examined the auditor's report and was able to satisfy itself that the audit and audit report had been executed in an orderly and proper manner. At this first regular meeting of the financial year 2010, the Supervisory Board also discussed the company's financial planning for financial year 2010 and the topics of compliance and internal auditing within the GFT Group. The Supervisory Board discussed this important topic in detail and has closely monitored the design and implementation of compliance regulations. The Supervisory Board also adopted the agenda and resolution proposals for the Annual General Meeting and – as already mentioned – discussed its own efficiency audit.

At the meeting on **10 May 2010**, our discussions focused on the development of business in the first quarter of 2010 and the sale of GFT *inboxx* GmbH. The Executive Board explained the details of a proposed resolution distributed prior to the meeting for this transaction requiring the Supervisory Board's approval. After studying the documents and questioning the Executive Board, the Supervisory Board gave its approval. The Executive Board also informed the Supervisory Board during this regular meeting about the investment status of the AvW Group. Difficulties experienced in a major project were also discussed.

Directly before the Annual General Meeting on 20 May 2010, the Supervisory Board held a regular meeting on **19 May 2010** to discuss preparations for the Annual General Meeting. The Executive Board also informed the Supervisory Board orally about certain considerations regarding non-organic expansion opportunities.

At the meeting on **9 August 2010**, the Executive Board presented the Interim Financial Report for the first six months, which all members of the Supervisory Board had received in due time before the meeting. The Supervisory Board and Executive Board subsequently discussed the report in detail. In accordance with a resolution of the Annual General Meeting of 20 May 2010, the elected auditors Grant Thornton GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, branch office Stuttgart, reviewed the Interim Financial Report 2010 (Interim Consolidated Financial Statements and Interim Group Management Report as at 30 June 2010) and were on hand to answer questions at the meeting of 9 August 2010. The review did not lead to any objections. Following a discussion of the course of business and the results of the first six months of 2010, the Supervisory Board turned to the topics of risk management and the Group's Internal Audit division.

Other main topics of discussion included various aspects of the GFT Group's strategy in its two business divisions *Services* and *Resourcing*, its portfolio of products and services, its client profile and acquisitions. In addition to current business operations and major projects, the Supervisory Board's discussions focused mainly on the macroeconomic development and the company's standing relative to its competitors.

On **8 November 2010**, the Supervisory Board meeting dealt mainly with the development of business in the third quarter and forecast for the fourth quarter of 2010. Possibilities were also discussed regarding the development and improvement of internal project processes.

As Dr. Simon Kischkel had announced his intention to retire from the Supervisory Board at the end of the year due to a lack of time, the question of a suitable successor was discussed. Dr. Paul Lerbinger was considered particularly suitable due to his career in the financial sector. He introduced himself to the Supervisory Board during the meeting. The Supervisory Board felt that an initial court appointment to the Supervisory Board would be an appropriate solution in order to ensure a smooth transition.

A further important item on the agenda at the meeting in November was the possible appointment to the Executive Board of GFT Technologies AG of Jean-François Bodin, Managing Director of GFT Technologies SARL, France, and the Group's General Manager for *Resourcing*. The necessity to appoint a further Executive Board member was due in part to the marked increase in business volume and resulting additional burden for the Executive Board, but also reflects the development and structural improvement of the core segment *Resourcing* at board level. Known already for his work within the Group, Jean-François Bodin presented himself to the Supervisory Board and answered all questions in detail. The Supervisory Board subsequently discussed the professional development, qualifications and possible future function of Jean-François Bodin and, after careful consideration, decided to make the appointment. The exact date of the appointment still needed to be defined.

At the meeting on **13 December 2010**, the Executive Board presented its budget for financial year 2011 as well as its medium-term corporate planning, including financial, investment and personnel planning. The assumptions of the Executive Board were critically questioned by the Supervisory Board. Questions focused in particular on the development of revenue and earnings, as well as investment planning and the quality of the Executive Board's forecast. The Supervisory Board approved the Annual Budget 2011 presented by the Executive Board, as well as investment and liquidity planning for financial year 2011. The Supervisory Board also adopted the Declaration of Compliance with the German Corporate Governance Code for the financial year 2010.

### Corporate Governance

In financial year 2010, the Supervisory Board once again discussed the Group's corporate governance in detail, as well as the German Corporate Governance Code. In December 2010, the Executive Board and Supervisory Board issued their Declaration of Compliance with the Recommendations of the Government Commission on the German Corporate Governance Code pursuant to section 161 AktG. It is permanently available to all shareholders on the company's website at [www.gft.com](http://www.gft.com). Further details on GFT's corporate governance are provided in the chapter of the same name. The Declaration on Corporate Governance can be found on our website [www.gft.com](http://www.gft.com).

### **Conflicts of interest and their treatment**

When business relations with a certain client of the company were discussed and resolutions concerning these relations were adopted during meetings held in the year under review, the Supervisory Board member who belonged to the client organisation did not take part.

### **Annual Financial Statements and Consolidated Financial Statements 2010**

The accounting, the Annual Financial Statements and Management Report as at 31 December 2010 of GFT Technologies AG (»AG«), as well as the Consolidated Financial Statements and Group Management Report as at 31 December 2010 were audited by Grant Thornton GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, represented by their Stuttgart branch office, (hereafter »Grant Thornton«), who were appointed as auditors by the Annual General Meeting. The audits each received an unqualified audit opinion. The Annual Financial Statements and Management Report of the AG were prepared in accordance with the German Commercial Code (HGB) and the Consolidated Financial Statements and Group Management Report pursuant to Section 315a HGB on the basis of international accounting standards (IFRS), as applied in the European Union (EU). The auditors conducted their audit with due consideration of German generally accepted standards for the audit of financial statements as promulgated by the »Institut der Wirtschaftsprüfer (IDW)«. The aforementioned documents and the Executive Board's proposal for the appropriation of profit were distributed punctually by the Executive Board. They were explained by the Executive Board at the Supervisory Board meeting on 21 March 2011.

The audit reports of Grant Thornton were also distributed punctually to all members of the Supervisory Board and discussed in detail at the same Supervisory Board meeting in the presence of the chief auditor. During the meeting, the auditor reported on the most important results of the audits and informed the Supervisory Board that in his opinion the internal control system and risk management system relating to the accounting process displayed no weaknesses. He also commented on the scope and main focus areas of the audit. The chief auditor informed the Supervisory Board that there were no circumstances which might have given possible cause to doubt his independence, and also informed them about services rendered in addition to the audit. 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. Due to organisational changes within the German Grant Thornton Group, the Stuttgart branch of Grant Thornton GmbH Wirtschaftsprüfungsgesellschaft will trade as the Stuttgart branch of Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft in future. The Supervisory Board has no objections to an election of this company, the successor of the previous auditing company.

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. They were discussed in detail with the Executive Board at the balance sheet meeting on 21 March 2011. The chief auditor was present during all discussions. 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. Following our own examination of the documents submitted by the Executive Board and auditors, we raise no objections and concur with the result of Grant Thornton's audit. The Supervisory Board thus approves the Annual Financial Statements 2010 of the AG and the Consolidated Financial Statements 2010 for the Group; the Annual Financial Statements are thus adopted. The Supervisory Board concurs with the Executive Board's proposal concerning the allocation of net income and the dividend payment of €0.15 per ordinary share entitled to dividends.

#### Personnel changes

On 20 May 2010, the Annual General Meeting elected Professor Dr. Hans-Peter Burghof, who had been temporarily appointed by the District Court of Stuttgart, as a member of the Supervisory Board. His term of office is limited to the period ending with the Annual General Meeting which resolves to release the Supervisory Board from its responsibility for financial year 2013.

Dr. Simon Kischkel resigned from the Supervisory Board with effect from 31 December 2010. His successor, Dr. Paul Lerbinger, was initially appointed by the District Court of Stuttgart as of 14 January 2011 for the period ending with the Annual General Meeting 2011. Dr. Paul Lerbinger will be proposed to the shareholders for election to the Supervisory Board of GFT Technologies AG at the Annual General Meeting on 31 May 2011. The Supervisory Board would like to take this opportunity to thank Dr. Simon Kischkel for over ten years of service and for his valuable cooperation on the Supervisory Board. His in-depth knowledge of the internal workings of the company provided extremely useful insight on numerous occasions.

At its meeting on 8 November 2010, the Supervisory Board appointed Jean-François Bodin as a member of the Executive Board for a period of three years. The appointment was made with effect from March 2011. Within the GFT Group, Jean-François Bodin will be responsible for the *Resourcing* division at board level.

The Supervisory Board would like to thank the Executive Board and all employees of the GFT Group for their commitment and hard work in the financial year 2010.

*Stuttgart, 21 March 2011*



On behalf of the Supervisory Board  
Franz Niedermaier

# Corporate Governance Report

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

GFT has always attached great importance to effective corporate governance, above and beyond the statutory regulations. The Executive Board and Supervisory Board aim to manage and monitor GFT responsibly in the interests of all stakeholders, as well as to secure the continued existence of the company and create a sustainable added value. Since its launch in 2002, the German Corporate Governance Code (GCGC) has established itself as the standard for responsible management. GFT attaches particular importance to the long-term strategic alignment of the company as well as to solid financial planning. It goes without saying for us that we adhere to ethical standards and promote open and transparent communication. The combination of all these factors helps us gain the trust of our investors, employees and business partners.

## **Close cooperation between the Executive Board and Supervisory Board**

GFT Technologies AG is a public limited company («Aktiengesellschaft») based in Germany. In accordance with local legislation, the company 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. Simultaneous membership of both committees is not allowed.

In the case of important decisions, the Executive Board calls upon the Supervisory Board to provide advice. In the first half of the year, discussions focused on the Group's strict alignment with its two segments, *Services* and *Resourcing*, in connection with the sale of GFT *inboxx* GmbH. In the second half of the year, the focus was mainly on the resulting strategic development of the company.

## **Executive Board**

On 31 December 2010, the Executive Board of GFT Technologies AG consisted of three members. As of March 2011, it has comprised four members. It manages the Group under its own responsibility and conducts business according to legal requirements, the company's Articles of Association and its rules of procedure. Its main 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 members of

the Executive Board set the long-term objectives and determine the principles and guidelines for company policy. They bear joint responsibility for the company's management. The responsibilities of each Board member and the divisions they head are defined in the rules of procedure.

The Executive Board works 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, and the company's risk management system. It obtains the prior consent of the Supervisory Board for significant transactions whenever required by the rules of procedure. The Chairman of the Executive Board is in regular contact with the Chairman of the Supervisory Board and his deputy.

In accordance with the German Corporate Governance Code, the members of the Executive Board are subject to an excess as part of the D&O insurance policy. This excess amounts to a maximum of 10%, capped at one and a half times the fixed annual remuneration of the respective Executive Board member.

## **Supervisory Board**

The task of the Supervisory Board is to monitor and regularly advise the Executive Board. It consists of six members. They are independent and none have previously held a seat on the company's Executive Board. The members of the Super-

visory Board are directly involved in decisions of material importance for the company. They coordinate the company's strategic alignment with the Executive Board and regularly discuss 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. It also ensures that all compensation components are suitable, individually and collectively, and are not conducive to taking inordinate risks. The Supervisory Board also examines the Annual Financial Statements and Consolidated Financial Statements and reports its findings to the Annual General Meeting.

GFT has taken out D&O insurance for the members of the Supervisory Board. The agreed excess in this policy does not reach the amount suggested by the Corporate Governance Code. However, the company believes that the agreed excess is a sufficient incentive for the Supervisory Board to carry out its activities with due diligence and in accordance with statutory provisions.

Due to its manageable size and the personal expertise of its members, the Supervisory Board continues to abstain from forming committees. Where required, the Supervisory Board also meets without the presence of the Executive Board. The Supervisory Board was 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**

In the period under review, there were no consultancy or other contracts for work and services between the members of the Supervisory Board and the company. GFT was not informed of any conflicts of interest involving members of the Executive Board or the Supervisory Board. In the financial year 2010, 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. 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.

The first variable compensation component is linked to the business success and to the attainment of personally agreed targets. Section 87 of the German Stock Corporation Act (AktG), in the revised version valid as of 5 August 2009, requires that variable compensation components are always based on a period of several years. This is intended to take account of both positive and negative developments. With the introduction of a corresponding second variable compensation component, GFT now meets this requirement. The GFT Supervisory Board has so far implemented the new system in the case of one contract extension. The Supervisory Board will take these requirements into consideration for new contracts and contract extensions.

In the financial year 2010, total remuneration for members of the Executive Board amounted to €1.9 million. On 20 May 2010, the Annual General Meeting 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 2010 in € |
|----------------------------------|-----------------------------------------------|
| Franz Niedermaier                | 22,000.00                                     |
| Dr. Peter Opitz                  | 16,500.00                                     |
| Andreas Bernhardt                | 11,000.00                                     |
| Dr. Hans-Peter Burghof           | 10,083.33                                     |
| Dr. Thorsten Demel               | 11,000.00                                     |
| Dr. Simon Kischkel               | 11,000.00                                     |
| <b>Total</b>                     | <b>81,583.33</b>                              |

### Composition of executive bodies

The revised version of the German Corporate Governance Code dated 26 May 2010 requires companies to pay particular attention to the subject of diversity, and especially the suitable representation of women, with regard to the composition of their executive boards and supervisory boards, as well as when hiring new managers. GFT has long attached great importance to the topic of diversity: it is ensured by seeking a variety of professional skills and experience, as well as the internationality of its managers, Executive Board and Supervisory Board. In accordance with valid statutory regulations, the company does not favour nor discriminate against certain candidates on the basis of their sex.

### Transparent reporting

Members of the Executive Board or Supervisory Board during the past financial year held a total of 7,697,655 GFT shares as of 31 December 2010. This corresponds to 29.24% of the share capital of GFT Technologies AG.

| Members of the Supervisory Board | Number of shares |
|----------------------------------|------------------|
| Franz Niedermaier                | 50,000           |
| Dr. Peter Opitz                  | –                |
| Andreas Bernhardt                | 26,000           |
| Dr. Hans-Peter Burghof           | –                |
| Dr. Thorsten Demel               | –                |
| Dr. Simon Kischkel               | 1,302            |
| <b>Total</b>                     | <b>77,302</b>    |

| Members of the Executive Board | Number of shares |
|--------------------------------|------------------|
| Ulrich Dietz                   | 7,493,513        |
| Marika Lulay                   | 26,540           |
| Dr. Jochen Ruetz               | 100,300          |
| <b>Total</b>                   | <b>7,620,353</b> |

### Corporate Compliance

For the senior management of GFT and all company employees, compliance with legally and ethically correct procedures in their daily business goes without saying. The behaviour of each individual affects the image of the company and is thus partly responsible for the success and continued existence of our company. In its »Business Conduct Guidelines«, GFT has set clear, transparent and binding regulations for the company. Compliance with these guidelines is ensured by internal monitoring mechanisms and a group-wide Compliance Office. The latter is also responsible for providing regular information, training and instruction for all employees. 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), no shares in our company were bought or sold by members of the executive bodies in the period 1 January to 31 December 2010.

### **Transparent communication with shareholders and the public**

As part of our extensive Investor Relations activities, we remain in close contact with our shareholders. We provide investors, financial analysts, shareholders' associations, the media and the public with regular and up-to-date information on the business development of GFT. Our Chief Financial Officer, for example, uses conference calls to present the published results of our Annual Financial Statements, quarterly reports or current business. In addition, our Investor Relations team is permanently available to answer questions from shareholders.

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.

The Annual General Meeting provides shareholders of GFT Technologies AG with an opportunity to receive information about the Group, engage in a dialogue with the Executive Board and the Supervisory Board, and exercise their voting rights. This gives shareholders the opportunity 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. The responsibilities of the Annual General Meeting also include adopting resolutions on planned changes to the company's Articles of Association and capital increases. If shareholders cannot attend the Annual General Meeting personally, they have the possibility to appoint a proxy to vote on their behalf. GFT has so far not adopted the possibility of online participation and postal votes for two reasons: firstly, the company regards the actual presence of shareholders as essential for a lively exchange of opinions. Secondly, there are still various legal and practical questions concerning both procedures which remain to be answered.

### **Implementation of Corporate Governance in everyday corporate life**

For GFT, Corporate Governance is not static but a continually developing issue. In the case of new amendments to the Corporate Governance Code, as on 26 May 2010, we discuss how they can be integrated into our internal and external processes.

The guidelines and processes contained in the Code and in our rules of procedure must be complied with at Group level – also by all our domestic and international subsidiaries. This is ensured by GFT's Compliance Officer.

The rules of procedure of individual Group companies also ensure implementation of Corporate Governance guidelines. Legal requirements in specific countries, as well as generally recognised processes that have been proven in practice, are suitably supplemented by the Code.

### **Explanation of deviations from the recommendations of the German Corporate Governance Code**

At the Supervisory Board meeting of 13 December 2010, 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 26 May 2010. It contains a justification for each deviation from the recommendations as follows:

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

(Issue: 13 December 2010)

**1. GFT Technologies AG will comply with all recommendations of the »Government Commission on the German Corporate Governance Code« in the version of 26 May 2010 with the following exceptions:**

*2.3.1 »At least once a year the shareholders' General Meeting is to be convened by the Management Board giving details of the agenda. A quorum of shareholders is entitled to demand the convening of a General Meeting and the*

*extension of the agenda. The convening of the meeting, as well as the reports and documents, including the Annual Report and the Postal Vote Forms, required by law for the General Meeting are to be published on the company's internet site together with the agenda.»*

*2.3.3 »The company shall facilitate the personal exercising of shareholders' voting rights. The company shall also assist the shareholders in the use of postal votes and proxies. The Management Board shall arrange for the appointment of a representative to exercise shareholders' voting rights in accordance with instructions; this representative should also be reachable during the General Meeting.«*

The company's Articles of Incorporation do not currently consider the possibility of online participation in the Annual General Meeting (section 118 (1) sentence 2 AktG) or the postal vote (section 118 (2) AktG). From our point of view there are various legal and practical questions concerning the implementation of online participation and the postal vote which are not clear. In addition, the company already offers shareholders the option of commissioning a proxy assigned by the company to exercise the right to vote. The shareholders therefore already have considerable opportunities to exercise their shareholders' rights. Against this background, an additional possibility of online participation in the Annual General Meeting or the postal vote does not essentially lead to making it any easier to exercise the shareholders' rights. The company also sees the physical presence of its shareholders as essential for a lively exchange of opinions. The recommendations are not being followed in this respect.

*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 shall be agreed upon in any D&O policy for the Supervisory Board.«*

The company will continue to only comply with this recommendation with regard to the Executive Board. In the case of D&O insurance for members of the Supervisory Board, an appropriate excess has been agreed upon 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.

*4.1.5 »When filling managerial positions in the enterprise the Management Board shall take diversity into consideration and, in particular, aim for an appropriate consideration of women.«*

This recommendation was introduced with the revised version of the GCGC of 26 May 2010. When filling management positions, the Executive Board makes sure there is diversity within the conditions of the legal framework. In the view of the Executive Board, any favouritism or discrimination of staff because of their gender is legally unacceptable. Insofar as this is required by the recommendation, the company departs from this recommendation. Appropriate consideration of women within the legal provisions is however strived for.

*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.« ...*

This recommendation takes account of the revised version of section 87 AktG, valid as of 5 August 2009, which must be taken into account when reassessing the compensation of members of the Executive Board. This new assessment has so far only been applied by the company once due to a contract extension. The Supervisory Board will follow this recommendation when determining the salary of members of the Executive Board in future, and thus primarily with new contracts and contract extensions. Only one Executive

Board contract requiring extension has therefore been adapted to the revised version of section 87 AktG. The contracts of the two other members of the Executive Board have not yet been adapted to the new legal situation; this is also intended for the extension of their contracts. The compensation regulation of current Executive Board contracts is appropriate in the view of the Supervisory Board and does not lead to taking undue risks. In this regard, however, variable compensation elements have so far only had an assessment criterion extending over several years in one case; allowances for negative developments have therefore only been made in this one case when arranging variable compensation elements.

*4.2.3 ... »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, including fringe benefits, do not exceed the value of two years' compensation (severance pay 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 termination of their activities without serious cause. It is also not intended to do this in the 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 a member of the Executive Board.

*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 on 20 May 2010, with more than the necessary majority, that the compensation of the Executive Board

members should still not be individually disclosed. The individual disclosure of payment obligations made to a member of the Executive Board in the event of premature or regular termination of activities as a member of the Executive Board or which have been amended during the financial year, is also not envisaged.

To this extent, the company believes that the personal interests of the individual Executive Board member must be appropriately taken into account when deciding on an individualized disclosure. The company is of the opinion that the justified need for information is sufficiently fulfilled by disclosing the total compensation of the Executive Board and a summary of promises made regarding benefits on termination of the function of an Executive Board member.

*5.1.2 »The Supervisory Board appoints and dismisses the members of the Management Board. When appointing the Management Board, the Supervisory Board shall also respect diversity and, in particular, aim for an appropriate consideration of women. Together with the Management Board it shall ensure that there is a long-term succession planning. The Supervisory Board can delegate preparations for the appointment of members of the Management Board, as well as for the handling of the conditions of the employment contracts including compensation, to committees.«*

*5.4.1 »The Supervisory Board has to be composed in such a way that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks. The Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report.« ...*

This – legally contested – recommendation was introduced with the revised version of the GCGC of 26 May 2010. When putting forward suggestions to the Annual General Meeting for voting on members of the Supervisory Board, the Supervisory Board also ensures – in addition to the other criteria named in section 5.4.1 – that diversity is a concrete goal in its composition within the legal framework. The Supervisory Board believes that any favouritism or discrimination of candidates because of their gender is legally unacceptable. Insofar as this is required by the recommendation, the company does not comply with this recommendation. However, appropriate consideration of female candidates within the legal provisions is strived for as a concrete goal when proposing candidates.

### 5.3 Formation of Committees

Considering the manageable size of the Supervisory Board, GFT Technologies AG generally refrains from forming committees. This ensures efficient operation and comprehensive information for all Supervisory Board members. The company is of the opinion that in all cases, all members of the Supervisory Board shall 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.«*

Members of the Supervisory Board of GFT Technologies AG receive only fixed compensation. The company is of the opinion that this has an adequate incentive effect and prevents conflicts of interest during the monitoring activity.

**2. Since the last Declaration of Compliance on 14 December 2009, GFT Technologies AG has complied with all recommendations of the »Government Commission on the German Corporate Governance Code« in the period from 14 December 2009 to 2 July 2010 (Code version dated 18 June 2009), as well as from 3 July 2010 until the date of this declaration (Code version dated 26 May 2010) with the following exceptions:**

*2.3.1 »At least once a year the shareholders' General Meeting is to be convened by the Management Board giving details of the agenda. A quorum of shareholders is entitled to demand the convening of a General Meeting and the extension of the agenda. The convening of the meeting, as well as the reports and documents, including the Annual Report and the Postal Vote Forms, required by law for the General Meeting are to be published on the company's internet site together with the agenda.«*

*2.3.3 »The company shall facilitate the personal exercising of shareholders' voting rights. The company shall also assist the shareholders in the use of postal votes and proxies. The Management Board shall arrange for the appointment of a representative to exercise shareholders' voting rights in accordance with instructions; this representative should also be reachable during the General Meeting.«*

The company's Articles of Incorporation do not currently consider the possibility of online participation in the Annual General Meeting (section 118 (1) sentence 2 AktG) or the postal vote (section 118 (2) AktG). From our point of view there are various legal and practical questions concerning the implementation of online participation and the postal vote which are not clear. In addition, the company already offers shareholders the option of commissioning a proxy assigned by the company to exercise the right to vote. The shareholders therefore already have considerable opportunities to exercise their shareholders' rights. Against this background, an additional possibility of online participation in the Annual General Meeting or the postal vote does not essentially lead to making it any easier to exercise the shareholders' rights. The company also sees the physical presence of its shareholders as essential for a lively exchange of opinions. The recommendations are not being followed in this respect.

*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 shall be agreed upon in any D&O policy for the Supervisory Board.«*

The company has complied with this recommendation as of 1 July 2010 only with respect to the Executive Board. The legal requirements have therefore been implemented in full. In the case of D&O insurance for members of the Supervisory Board, an appropriate excess has been agreed upon 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.

*4.1.5 »When filling managerial positions in the enterprise the Management Board shall take diversity into consideration and, in particular, aim for an appropriate consideration of women.«*

This recommendation was introduced with the revised version of the GCGC of 26 May 2010. When filling management positions, the Executive Board makes sure there is diversity within the conditions of the legal framework. In the view of the Executive Board, any favouritism or discrimination of staff because of their gender is legally unacceptable. Insofar as this is required by the recommendation, the company departs from this recommendation. Appropriate consideration of women within the legal provisions is however strived for.

*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.« ...*

This recommendation takes account of the revised version of section 87 AktG, valid as of 5 August 2009, which must be taken into account when reassessing the compensation of members of the Executive Board. This new assessment has so far only been applied by the company once due to a contract extension. The Supervisory Board will follow this recommendation when determining the salary of members

of the Executive Board in future, and thus primarily with new contracts and contract extensions. Only one Executive Board contract requiring extension has therefore been adapted to the revised version of section 87 AktG. The contracts of the two other members of the Executive Board have not yet been adapted to the new legal situation; this is also intended for the extension of their contracts. The compensation regulation of current Executive Board contracts is appropriate in the view of the Supervisory Board and does not lead to taking undue risks. In this regard, however, variable compensation elements have so far only had an assessment criterion extending over several years in one case; allowances for negative developments have therefore only been made in this one case when arranging variable compensation elements.

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The Supervisory Board has not reached any agreement with Members of the Executive Board for the event of the premature termination of Board activities without good reason. The company is of the opinion that the statutory regulations provide for a reasonable settlement of interests for the event of the premature departure of a Member of the Board.

*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 compensation of members of the Executive Board shall not be individually disclosed. The individual disclosure of payment obligations made to a member of the Executive Board in the event of premature or regular termination of activities as a member of the Executive Board or which have been amended during the financial year, is also not envisaged.

The company is of the opinion that the justified need for information is sufficiently fulfilled by disclosing the total compensation of the Executive Board and a summary of promises made regarding benefits on termination of the function of an Executive Board member. To this extent, the company believes that the personal interests of the individual Executive Board member must be appropriately taken into account when deciding on an individualized disclosure.

*5.1.2 »The Supervisory Board appoints and dismisses the members of the Management Board. When appointing the Management Board, the Supervisory Board shall also respect diversity and, in particular, aim for an appropriate consideration of women. Together with the Management Board it shall ensure that there is a long-term succession planning. The Supervisory Board can delegate preparations for the appointment of members of the Management Board, as well as for the handling of the conditions of the employment contracts including compensation, to committees.«*

*5.4.1 »The Supervisory Board has to be composed in such a way that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks. The Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report.« ...*

This – legally contested – recommendation was introduced with the revised version of the GCGC of 26 May 2010. When putting forward suggestions to the Annual General Meeting for voting on members of the Supervisory Board, the Supervisory Board also ensures – in addition to the other criteria named in section 5.4.1 – that diversity is a concrete goal in its composition within the legal framework. The Supervisory Board believes that any favouritism or discrimination of candidates because of their gender is legally unacceptable. Insofar as this is required by the recommendation, the company does not comply with this recommendation. However, appropriate consideration of female candidates within the legal provisions is strived for as a concrete goal when proposing candidates.

### 5.3 Formation of Committees

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*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.«*

Members of the Supervisory Board of GFT Technologies AG receive only fixed compensation. The company is of the opinion that this has an adequate incentive effect and prevents conflicts of interest during the monitoring activity.

### Corporate Governance online

Corporate Governance of GFT:  
[www.gft.com/corporate-governance](http://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](http://www.corporate-governance-code.de)

# Financial information

## Group Management Report

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# Group Management Report

of GFT Technologies AG as of 31 December 2010

## Business environment

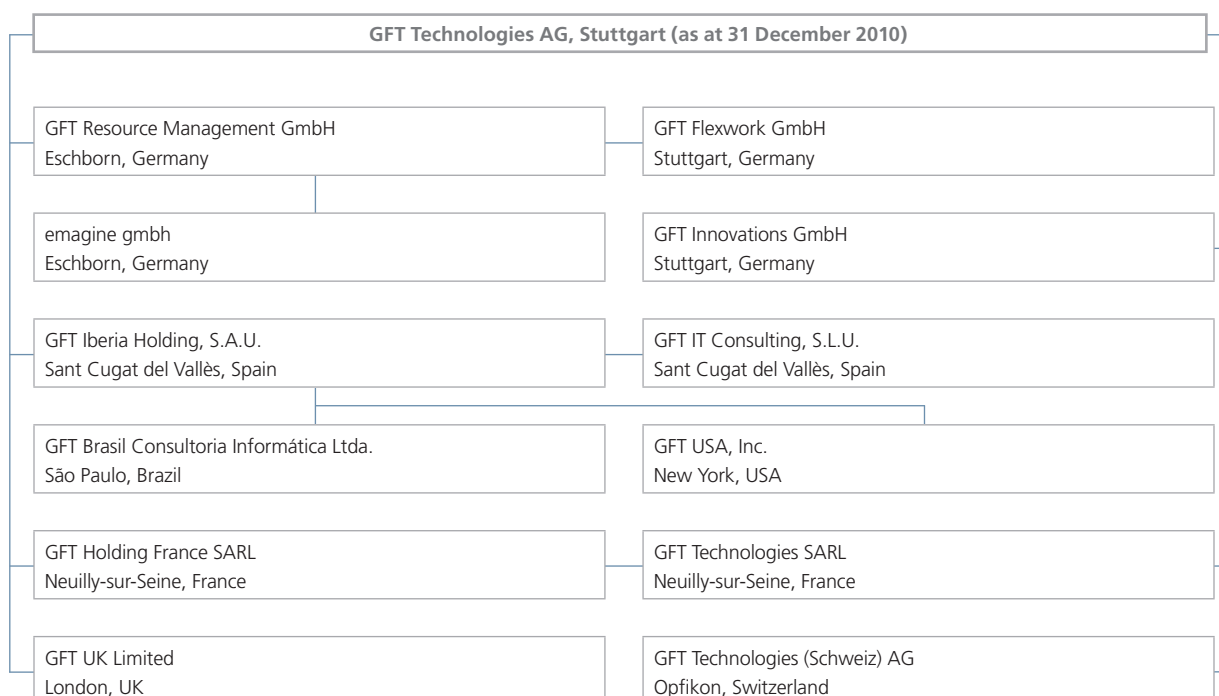
### Group structure

Within the GFT Group, GFT Technologies AG (GFT AG), based in Stuttgart, Germany, acts as the strategic management holding company. It controls all legally independent Group companies and is responsible for the management and control instruments. The key responsibilities of GFT AG include the setting of corporate targets and strategy, as well as risk management, financial management and the allocation of resources. In addition, the Investor Relations division of GFT AG maintains close contacts with the capital markets and other interest groups. GFT AG also provides group-wide administrative services for the various subsidiaries. The executive bodies of GFT AG (Executive Board and Supervisory Board) are responsible for the management and control of the GFT Group. In accordance with the German Stock Corporation Act (»Aktiengesetz«), the Executive Board of GFT AG bears joint responsibility for overall management. It is supported in these efforts by the corporate administration departments.

The GFT Group is divided into the two business divisions: *Services* and *Resourcing*. Operating activities were also carried out by the *Software* segment until its sale in May 2010. In addition to its administrative functions, GFT AG also has operating activities; the business division *Services* Germany is integrated into GFT AG.

In the financial year 2010, all shares in GFT *inboxx* GmbH, Hamburg, and 50% of shares in GFT Business Development GmbH, Eschborn, were sold. All shares in GFT Innovations GmbH, Stuttgart, were acquired.

The following diagram illustrates the structure of the GFT Group:



## Business operations

With its international subsidiaries, the GFT Group offers innovative IT solutions and is one of the world's leading IT service suppliers for the financial sector.

Since its foundation in 1987 in St. Georgen, Germany, GFT has developed into a strategic IT partner for numerous companies around the world. At the heart of the company are its 1,300 employees based at locations in seven countries as well as a network of international development centres. The GFT Group's business divisions, *Services* and *Resourcing*, develop future-safe IT solutions and business models for their clients and help companies in all sectors to flexibly manage their manpower needs for technology projects.

In its *Services* division, GFT focuses in particular on the financial industry. Key areas of activity include providing IT support for banks, as well as designing, developing and maintaining tailored and innovative IT solutions. With its combination of technological experience and extensive sector expertise, the company helps clients optimise their IT processes and thus sustainably enhance their competitive standing. With the aid of its Global Delivery Model, GFT can also react swiftly to the rising demand for IT outsourcing solutions and reliably supply the required services to the core markets of Europe and the Americas.

The *Resourcing* division focuses on the selection and placement of highly skilled IT specialists and engineers, as well as the creation of suitable project teams. As an international recruitment specialist, GFT can access a pool of top-qualified IT specialists and provide companies in all sectors with greater flexibility in their manpower planning for technology projects. In its Third Party Management business, GFT takes over the complete management of external IT providers on behalf of its clients.

The GFT Group's corporate strategy is based on profitable, sustainable growth aimed at raising the long-term value of the company. The two business divisions are managed centrally across all company locations and national borders. GFT measures the business success of its strategy implementation with the aid of the key performance indicators: revenue, EBT (earnings before taxes), 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 addition to a well-managed organisational structure, GFT's Executive Board has implemented a value-oriented control system focusing on staff and clients and aimed at pursuing its growth strategy over the long term.

The identification of GFT's employees with the company and their commitment to its targets play a key role in the company's successful development. GFT offers them a wealth of opportunities to contribute their skills and develop their potential. In order to facilitate ongoing personal development, individual career plans are developed at annual performance reviews and continuously monitored. GFT has also introduced a management development initiative: the GFT High Potential Programme. This provides the basis for recruiting new management staff from within the company.

Selected staff in the *Services* and *Resourcing* divisions, as well as in administrative functions, are developed with challenging tasks in multinational teams over a two-year period, with the emphasis on creativity and innovation.

An important factor for the company's success is the workload capacity of staff at GFT's development centres. It is therefore regularly monitored. The CMMI® (Capability Maturity Model Integration) system and proprietary quality control processes are also key prerequisites for the consistently high quality of our development efforts.

A central pillar of GFT's success is the corporate identity it has developed over the years. It is expressed in the company's common core values and group-wide value system. The »inspiring IT« claim developed in 2010 combines the promise of creating added value for our clients, the company's team spirit, the positive attitude which GFT staff have towards their daily work, and the connection to the IT industry.

GFT attaches great importance to customer satisfaction. It is the basis for long-term cooperation and satisfactory partnerships. The Executive Board regularly contacts managers at its client companies and thus helps to secure GFT's long-term status as a strategic or preferred IT partner. A status which it enjoys with many of its clients.

## Economic environment

### Macroeconomic development

2010 was dominated by a global economic recovery which proved much more robust than forecast at the beginning of the year. The International Monetary Fund (IMF) raised its global growth forecast for 2010 from 3.9% in January 2010 to 4.8% in its final report. The pace of growth, however, varied widely from region to region: strong growth rates in the emerging economies, such as China, India or Brazil, contrasted with more modest rates in the industrialised nations.

Following a dynamic start, global economic activity weakened slightly over the course of the year. This was due to the end of stimulus packages in many nations and the introduction of budget cuts. The pace of growth in emerging markets was also more modest than expected. Towards the end of the second half of 2010, the Organisation for Economic Cooperation and Development (OECD) also indicated a slowdown in economic growth.

The overall trend in the Euro zone was positive. The IMF upgraded its growth forecast from 1.0% in mid 2010 to 1.7% in the second half of the year. This improvement was facilitated by a weaker euro, which helped boost growth in Europe's exporting nations. According to economists, however, the stability of growth is threatened. Unresolved problems in the financial and real estate sectors of certain countries are still a risk factor. The development of those countries hit hardest by the debt crisis, such as Greece, Portugal and Ireland, could lead to further uncertainties on the financial markets.

Over the course of the year, Germany developed into the engine for the entire Euro zone economy: whereas leading economic institutes and the IMF were still forecasting GDP growth of 1.5% and 1.2% for 2010 in spring, actual growth reached 3.6% according to the German Federal Statistical Office. In their annual reports published in November 2010, Germany's leading economic institutes confirmed that the German economy was likely to achieve stable, albeit somewhat flatter growth. Stronger domestic demand also offered a degree of protection against the uncertainties of the country's exports.

### Sector development

The Information and Communication Technology (ICT) sector recovered strongly in 2010. According to the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM), the mood in the high-tech sector at the end of 2010 was better than it had been for many years. In October 2010, BITKOM raised its forecast for the German IT market to sales growth of 2.7% to €65.4 billion in 2010. Suppliers of IT services and software benefited most from this increase.

For the IT services segment, BITKOM forecast sales growth of 1.4% to €32.1 billion in 2010. Demand for outsourcing services was particularly strong, say the experts of the European Information Technology Observatory (EITO). Sales of IT and Business Process Outsourcing are expected to grow by 5% to around €14.6 billion in 2010. After industrial clients, financial service providers accounted for the largest share (17%).

The situation is similarly positive on the global market for IT services: according to BITKOM and EITO, the sector mood will continue to be upbeat in 2011.

### Course of business

The GFT Group can report an encouraging development of its business in the financial year 2010. Both revenue and earnings before taxes (EBT) grew considerably over the course of the year. The Group was able to benefit from the general economic recovery and meet the growing demand with an attractive portfolio of services tailored to market needs. Both business divisions enjoyed steady growth in the period under review. They benefited from the growing stability of the financial industry and the recovery of the industrial sector, which was particularly strong in the second half of the year. In terms of its regional development, the GFT Group enjoyed strong growth rates especially in the UK, Spain and the USA.

The GFT Group generated total revenue of €248.26 million in its financial year 2010, representing year-on-year growth of 15% (prev. year: €216.81 million). There was even more dynamic growth in earnings: due to increased revenue and improved capacity utilisation, the GFT Group raised EBT by 47% to €11.55 million (prev. year: €7.86 million). Over the course of the year, both revenue and earnings grew faster than originally expected at the beginning of the year. As a result, GFT not only exceeded its original forecast for 2010, but also its upgraded forecast made during the year.

Stable projects with existing clients and a number of new projects – especially in the finance industry and the industrial sector – had a positive impact on business in the fourth quarter. In the last three months of the reporting period, the GFT Group generated revenue of €69.52 million (prev. year: €57.91 million). This made the fourth quarter the strongest sales period of financial year 2010. Earnings before taxes in this period reached €2.79 million (prev. year: €2.21 million).

Against the backdrop of this strong performance with good earnings and liquidity, the Executive Board and Supervisory Board will propose to the Annual General Meeting that the dividend for financial year 2010 be increased by 50% on the previous year, to €0.15 per share.

### Development in the business divisions

There was significant growth in our *Services* division in financial year 2010, which benefited strongly from increased demand in the financial sector. At €9.40 million, segment earnings were up 51% on the previous year (€6.21 million). There was also very encouraging progress in segment revenue. It grew steadily throughout the financial year 2010 and reached €116.47 million by year-end, compared to €91.35 million in 2009. This corresponds to growth of 27%. The main growth drivers were increased sales in retail, corporate and investment banking in the UK, Spain and the USA.

In the first half of the year, the business division *Resourcing* was still feeling the effects of sluggish demand for free-lance IT specialists. The gradual recovery of the industrial sector over the course of the year led to increased demand and was reflected in rising sales. As a consequence, segment revenue grew steadily over the year. In addition to existing client relationships, new customer acquisition – above all in France and the UK – resulted in noticeable growth in revenue. Sales revenue amounted to €131.77 million (prev. year: €125.45 million). Segment earnings in the financial year 2010 reached €2.99 million and were thus 9% up on the previous year (€2.75 million).

In accordance with IFRS regulations, the *Software* segment sold in May 2010 is carried as a discontinued operation and no longer included in the GFT Group's key figures. Until its sale, this division generated segment revenue of €1.10 million (prev. year: €4.62 million) and segment earnings of €-0.27 million (prev. year: €-1.00 million).

## Development of revenue

In 2010, the GFT Group benefited above all from a gradual return to stability in the financial sector. The company raised revenue by 15% year on year and generated €248.26 million in the period under review. This was mainly due to the strong performance of the *Services* division which benefited most from increased demand from clients in the financial sector.

Viewed on a quarterly basis, there was a continual increase in revenue over the year. Whereas revenue in the first three months of 2010 was somewhat weaker (€54.43 million) than in the traditionally strong fourth quarter of the previous year (€57.91 million), it had already surpassed this year-high of 2009 by the second quarter of 2010 (€60.25 million). Revenue of €64.06 million in the third quarter was then exceeded once again in the last three months of 2010 with fourth-quarter revenue of €69.52 million.

### Revenue by segment

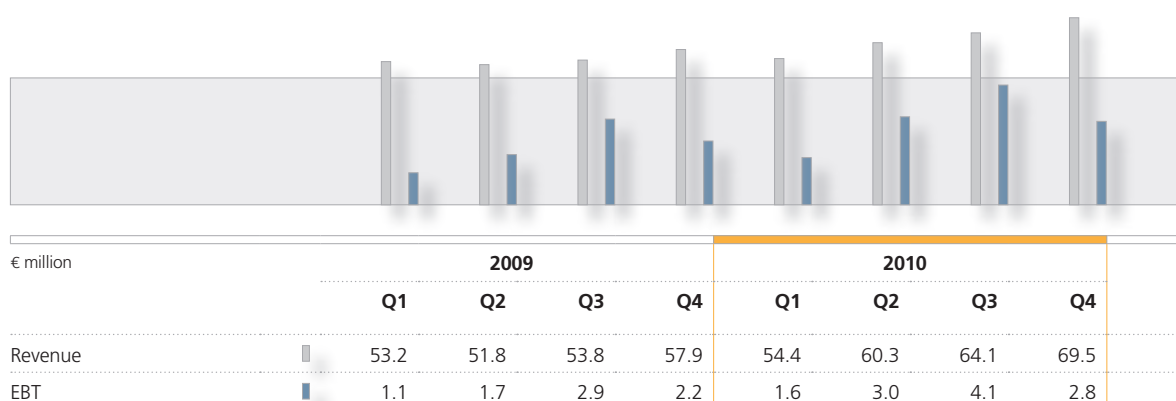
As in 2009, the *Resourcing* segment accounted for the largest share of the GFT Group's total revenue in financial year 2010. However, the trend of the past few years towards more equal distribution between the two business divisions continued once again. Following 62% in 2008 and 58% in the previous year, the *Resourcing* division accounted for 53% of total revenue in the period under review – almost equally divided between the division's Third Party Management (27%) and Resource Management (26%) activities. As a result, the *Services* segment

increased its share of total revenue to 47% (prev. year: 42%), reflecting the positive development of revenue in this business division.

The general economic recovery did not positively impact the *Resourcing* division until the second half of the reporting period. In the wake of the financial crisis, demand for freelance IT specialists was still sluggish in the first six months of 2010. It was not until the latter part of the year that the recovery of the industrial sector began to drive demand. Over the year as a whole, revenue in the *Resourcing* segment grew by 5% year on year to €131.77 million (prev. year: €125.45 million). Both Third Party Management (€66.47 million; +4%) and the placement of freelance IT experts in Resource Management (€65.30 million; +6%) achieved modest year-on-year growth.

The business division *Services* was able to benefit from the market recovery and the resulting increase in demand from the financial sector right from the beginning of 2010. This was reflected by 27% growth in segment revenue to €116.47 million (prev. year: €91.35 million). Growing stability in corporate and investment banking in the traditionally strong UK and US financial markets, which had already begun in 2009, became even firmer in the period under review. This led to strong demand for IT solutions for corporate and investment banking. Business in the USA also benefited from the proximity of GFT's development facility in Brazil.

### Development of revenue and EBT on a quarterly basis



### Revenue by segment



| %                   | 2010 | € million |
|---------------------|------|-----------|
| Resourcing          | 53%  | 131.77    |
| TPM                 | 27%  | 66.47     |
| Resource Management | 26%  | 65.30     |
| Services            | 47%  | 116.47    |

### Revenue by country



| %               | 2010 | € million |
|-----------------|------|-----------|
| Germany         | 56%  | 137.93    |
| UK              | 16%  | 38.60     |
| France          | 9%   | 23.16     |
| Spain           | 9%   | 22.79     |
| Switzerland     | 3%   | 7.06      |
| USA             | 3%   | 6.59      |
| Other countries | 4%   | 12.13     |

### Revenue by country

**Germany** is still the GFT Group's most important sales market. Revenue generated with German customers remained almost constant at €137.93 million (prev. year: €140.23 million). Due to strong revenue growth abroad, however, Germany's share of total revenue fell from 65% to 56%. The main reason was the demand for IT freelancers, which only began to pick up in the second half of the year. As a result, Resource Management only slowly began to gain momentum in 2010.

As the GFT Group's second largest sales market, the **UK** once again grew in importance with a 16% share of total revenue. The 5%-point increase year on year results from revenue growth of 62% to €38.60 million (prev. year: €23.87 million). This was largely a result of strong demand for IT solutions for investment and corporate banking in the *Services* division.

In **France**, the acquisition of new clients in the *Resourcing* division was mainly responsible for revenue growth of 33% to €23.16 million (prev. year: €17.39 million). As a result, its share of total revenue increased slightly from 8% to 9%.

The GFT Group also enjoyed a significant increase in business with clients in **Spain**. The successful implementation of outsourcing projects helped generate revenue of €22.79 million, 47% more than in 2009 (€15.54 million).

As in the previous year, projects in **Switzerland** accounted for 3% of total revenue in 2010. The GFT Group generated revenue of €7.06 million in this country, corresponding to year-on-year growth of 11% (prev. year: €6.37 million).

The growing demand for IT solutions for investment and corporate banking not only stimulated strong revenue growth in the UK, but also in the **USA**: the GFT Group generated €6.59 million with its US clients in 2010 and thus achieved year-on-year growth of 46% (prev. year: €4.52 million). As a result, the country's share of total revenue increased to 3% (prev. year: 2%).

Clients in Brazil, Italy, Poland and the Netherlands are grouped as »Other countries« and accounted for €12.13 million or 4% of total revenue. This represents an increase of 36% over the previous year (€8.89 million).

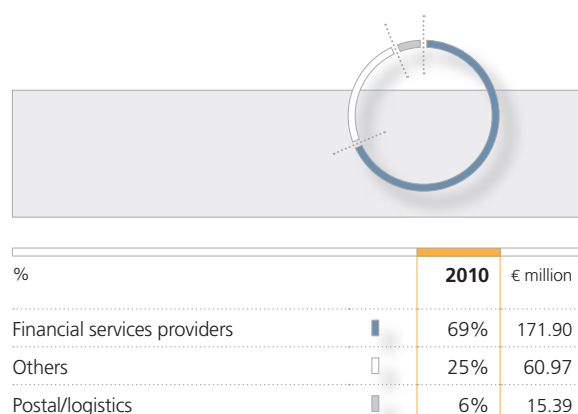
### Revenue by industry

The *Services* division's focus on the **financial services industry** was reflected strongly in the 2010 breakdown of revenue: 69% or €171.90 million of total revenue was generated with clients in this sector; this corresponds to year-on-year growth of 20% (prev. year: €143.74 million). The *Services* division accounted for the lion's share, although the *Resourcing* division also contributed significant revenue. In 2009 this sector accounted for 66% of total volume.

The steady recovery of revenue in the *Resourcing* segment in the second half of the year had a positive impact on the »Others« category, as it mainly comprises industrial customers – the main target group of this business division. There was a corresponding increase in revenue of 8% to €60.97 million in 2010 (prev. year: €56.50 million), which accounted for 25% of total volume.

Revenue with clients in the **postal and logistics industry** was down slightly on the previous year. Following €16.56 million in 2009, revenue in 2010 amounted to €15.39 million and accounted for 6% of total revenue.

### Revenue by industry



## 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 €11.55 million and were thus in line with the annual forecast for 2010. Compared with €7.86 million in the previous year, EBT was therefore up by 47%. There was a corresponding increase in operating margin before taxes of 1.1%-points to 4.7% (prev. year: 3.6%). A very high level of capacity utilisation throughout the Group had a positive impact on earnings, although plan overruns for a major project placed a burden on earnings.

Earnings in the fourth quarter of 2010 exceeded the prior-year result by €0.58 million (2010: €2.79 million, 2009: €2.21 million).

### Earnings position by segment

At €9.40 million, earnings before taxes of the *Services* segment also benefited from increased demand in the financial sector and accounted for the largest share of Group earnings before taxes (prev. year: €6.21 million). This corresponds to growth of 51% year on year and an operating margin of 8.1% (prev. year: 6.8%). In addition to increased revenue, the operating result also benefited from high utilisation of the segment's development centres.

Segment earnings before taxes in the *Resourcing* division grew steadily from quarter to quarter. Despite being down on the previous year in early 2010, they caught up during the year and exceeded the prior-year figure of €2.75 million with an amount of €2.99 million by the end of 2010 (+9%). The general economic recovery led to increased demand and had a noticeable impact on pre-tax segment earnings. Earnings from Third Party Management improved slightly to €0.37 million (prev. year: €0.33 million). Earnings in the Resource Management business grew slightly faster than revenue to reach €2.62 million (prev. year: €2.42 million).

The »Others« category comprises costs of the holding company which cannot be directly charged to the two divisions, as well as consolidation amounts which cannot be allocated to either of the divisions. Earnings in 2010 amounted to €-0.84 million, compared to €-1.10 million in the previous year.

### Earnings position by income and expense items

The Group's **other operating income** rose from €1.96 million in the previous year to €3.53 million in the period under review. This was due in part to an increase in the liquidation of provisions.

In 2010, the **cost of materials** largely consisted of external employees for the *Resourcing* segment as well as client projects in the *Services* segment. The increase in the cost of materials therefore correlates with the strong rise in revenue. In absolute figures, costs increased by €11.61 million to €142.06 million in 2010 (prev. year: €130.45 million).

In line with the growth in headcount in 2010, there was a rise in **personnel expenses** from €62.52 million in 2009 to €76.48 million in 2010, representing an increase of 22%.

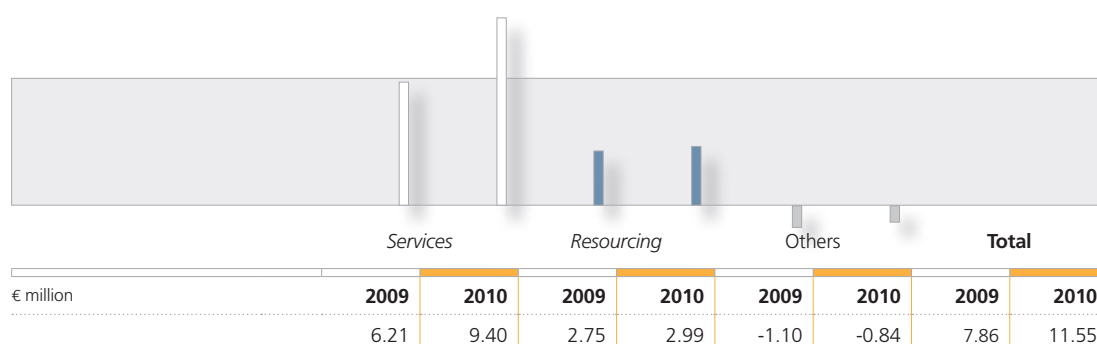
**Depreciation of non-current intangible and tangible assets** was down slightly from €1.21 million in the previous year to €1.18 million in the reporting period.

**Other operating expenses** amounted to €21.06 million in 2010. The figure amounted to €17.25 million in the previous year. This rise of €3.81 million was due to the growth in business activity and is reflected in all expense items. Operating expenses grew by €0.68 million to €6.23 million (prev. year: €5.55 million); this figure mainly comprises rental and incidental costs for premises. Sales expenditure, and its largest components travel and advertising costs, increased by €1.27 million to €6.49 million (prev. year: €5.22 million). Administrative costs were also up: from €5.23 million in the previous year to €5.89 million in the period under review. This item also includes expenses from the sale of capitalised software licences and the disposal of shares in GFT *inboxx* GmbH amounting to €0.93 million. The prior-year figure included GFT AG's waiver of receivables due from GFT *inboxx* GmbH amounting to €1.19 million.

At €0.53 million, the GFT Group's **financial result** in the period under review was virtually unchanged from the previous year (€0.52 million).

As a result of the Group's earnings position, there was a strong year-on-year increase in **income taxes**. In 2010, they amounted to €3.30 million with a tax rate of 29%, compared to €1.67 million and a tax rate of 22% in 2009.

### Earnings by segment



Despite this strong increase in taxes, the resulting **net income for the year** from continued operations increased significantly by 33% to €8.25 million (prev. year: €6.19 million). In line with this positive development in net income, earnings per share rose to €0.31 in 2010, compared to €0.23 in 2009.

### Earnings position of the sold Software division

The *Software* division was sold in May 2010. Up to the date of its sale, the division contributed a net loss of €0.47 million (prev. year: €1.44 million).

As a result, the **net income for the year** of the entire GFT Group **including the sold Software division** amounted to €7.77 million, compared to €4.74 million in the previous year.

## Financial position

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

The GFT Group's stable financial position continued to improve as a result of improved earnings in financial year 2010. **Cash, cash equivalents and securities** as of 31 December 2010 increased by a further €2.62 million to €40.32 million (prev. year: €37.70 million). Due to investments in non-current financial assets in the form of securities, liquid funds fell to €26.23 million (prev. year: €35.47 million). There was a corresponding increase in securities from €2.24 million in the previous year to €14.09 million at the end of 2010. Current financial liabilities were reduced to zero in 2010 (prev. year: €0.15 million).

**Cash flows from operating activities** of €7.31 million (prev. year: €6.57 million) as of 31 December 2010 included contrasting effects. The positive net income for the year led to an increase in cash flows from operating activities. At the same time, however, increased working capital served to reduce cash flow. Trade receivables increased by €13.04 million to €54.80 million, while trade payables rose by just €4.59 million to €27.87 million.

Due to the purchase of securities, **cash flows from investing activities** made a net negative contribution of €-14.65 million as of 31 December 2010 (prev. year: €-0.75 million).

**Cash flows from financing activities** resulted entirely from the dividend payment of €-2.63 million (prev. year: €-2.63 million).

## Asset position

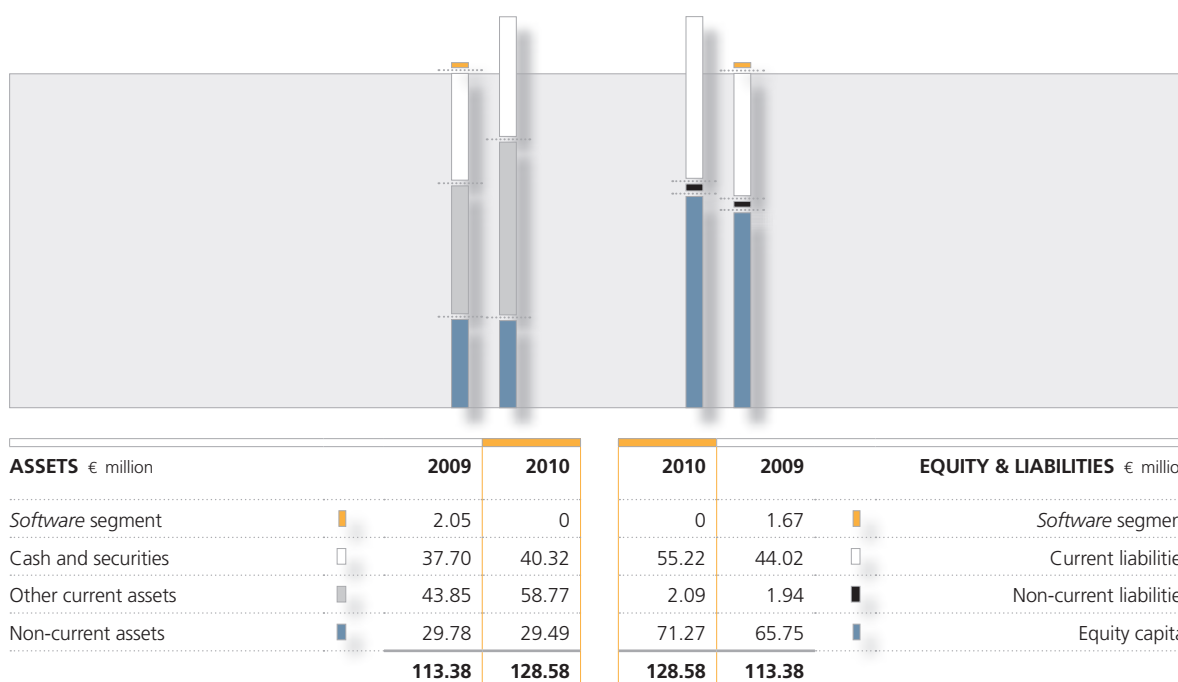
In accordance with IFRS 5, the amounts disclosed in the section »Asset position« only refer to continued operations. In the previous year, discontinued operations were disclosed in a single item on both the asset and liabilities sides of the balance sheet.

The **balance sheet total** of the GFT Group as at 31 December 2010 grew by €15.20 million to €128.58 million (prev. year: €113.38 million).

On the asset side, the main change was in trade receivables. The increase resulted partly from strong revenue growth in the *Services* division, but also from a more cautious attitude towards payment by our clients at year-end 2010. In the previous years, high invoice amounts were often settled early – which regularly led to a strong reduction in trade receivables compared to the end of the third quarter. As of 31 December 2010, trade receivables amounted to €54.80 million and were thus only slightly down on 30 September 2010 (€57.49 million). On 31 December 2009, the figure amounted to €41.76 million.

At the end of 2010, **current assets** totalled €86.39 million (prev. year: €83.61 million).

### Group balance sheet structure



Due to the increase in non-current financial assets, **non-current assets** rose to €42.19 million (prev. year: €29.78 million). Without the purchase of securities, non-current financial assets would have remained virtually unchanged.

The **equity** of the GFT Group rose year on year by €5.52 million to €71.27 million as of 31 December 2010 (prev. year: €65.75 million). This corresponds to an equity ratio of 55%, compared to 58% on the same date of the previous year. This increase in equity resulted from the growth in net income for the year, as well as the other result, less the dividend distributed in the financial year 2010.

**Non-current liabilities** were almost unchanged from the previous year at €2.09 million (prev. year: €1.94 million), whereas **current liabilities** grew from €47.63 million to €57.31 million as a result of trade payables. The latter rose by €4.59 million to €27.87 million (prev. year: €23.28 million). There was also an increase in other provisions, which amounted to €18.20 million at the end of 2010 (prev. year: €13.57 million).

The GFT Group's solid balance sheet structure is underlined by its high equity/non-current assets ratio. Non-current assets of €42.19 million are covered 169% by equity. Due to the shift from liquid funds to non-current financial assets, this figure was down on the previous year (221%).

The balance sheet total of €113.38 million as at 31 December 2009 also included assets of the **sold Software division** amounting to €2.05 million. The liabilities side in 2009 included items of the sold *Software* division amounting to €1.67 million.

## Employees

As at 31 December 2010, the GFT Group employed a total of 1,300 people (prev. year: 1,096). This increase of 204 on the previous year corresponds to growth of 19%. As of 30 June, the Group had already achieved its aim of raising headcount to 1,200 by year-end. A further 100 people are to be recruited by the end of 2011. The number of employees is calculated on the basis of full-time staff. Part-time staff are included on a pro rata basis.

The increase in headcount resulted partly from the takeover of staff as part of an outsourcing project started in 2009. It was also due to the high utilisation of capacity in the *Services* division, which led to recruitment at the Group's development centres in Spain and Brazil. As a result, 180 additional employees were recruited in the *Services* segment, corresponding to an increase of 18%. There was also growth in headcount in the *Resourcing* division, which employed 100 people – 25% more than at the end of 2009. Staff employed by the holding company are attributed to the »Others« category. This figure remained virtually unchanged at 40 (previous year: 36).

The *Software* segment was sold in May 2010. As a result, there were no staff in this division at year-end 2010. In the previous year, this segment comprised 48 employees.

### Employees by segment

|                   | 2010         | 2009         |
|-------------------|--------------|--------------|
| <i>Services</i>   | 1,160        | 980          |
| <i>Resourcing</i> | 100          | 80           |
| Others            | 40           | 36           |
|                   | <b>1,300</b> | <b>1,096</b> |
| <i>Software</i>   | 0            | 48           |

The average number of people employed by the GFT Group in 2010 as a whole amounted to 1,219, compared to 1,003 in 2009. In comparison with year-end 2009, the number of freelancers employed at the end of 2010 rose from 1,147 to 1,260.

The number of people employed in Germany increased by 16%, from 239 at year-end 2009 to 277 on 31 December 2010. This means that 1,023 people, or 79% of the total work force, were employed outside Germany (prev. year: 78% or 857 employees).

### Employees by country

|                    | 2010         | 2009         |
|--------------------|--------------|--------------|
| Germany            | 277          | 239          |
| Brazil             | 161          | 114          |
| France             | 16           | 19           |
| UK                 | 32           | 19           |
| Switzerland        | 25           | 25           |
| Spain              | 786          | 678          |
| USA                | 3            | 2            |
| <b>Total</b>       | <b>1,300</b> | <b>1,096</b> |
| Foreign share in % | 79           | 78           |

## Research and development

The GFT Group invested €1.73 million in research and development in 2010 and thus 9% more than in the previous year (€1.59 million). The largest share of this total (89% or €1.54 million) was accounted for by personnel costs (prev. year: €1.57 million or 98%).

The GFT Group's R&D activities focused on four strategic innovation projects in 2010:

**a-touch:** In 2010, GFT developed a touch-banking solution for financial advisors. Intelligently coordinated processes provide the basis for IT-assisted financial advising in the field of private banking and wealth management.

**Mobile Finance:** In the course of 2010, GFT significantly expanded the Mobile Finance Competence Centre it founded in 2009. A series of cross-platform mobile applications for financial service providers were developed.

**Finance IT:** The Finance IT innovation project focuses on complex IT solutions for investment banks. The GFT Group is investing in enhancing the expertise of its banking experts and developing the respective technologies.

**SAP Competence Centre:** The GFT Group's SAP Competence Centre helps banks to convert their systems to SAP software. In the period under review, we therefore expanded our partnership with SAP and developed the corresponding application possibilities to provide financial institutes with the best-possible support during their transformation process.

As in the previous years, R&D activities also 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, activities have since focused on maintaining and expanding this status – as part of GFT's global quality drive.

## Subsequent events

No events occurred after the balance sheet date as at 31 December 2010 that are of major significance to GFT.

## Opportunity and risk report

GFT's primary objective is to achieve sustainable growth and to steadily enhance the company's value. The company's risk management system plays an important role in these efforts. For GFT, risk management means: identifying risks which might lead to a sustained or material impairment of the asset, financial or earnings situation of the company, analysing and monitoring such risks in a responsible manner, and taking suitable countermeasures. This requires binding principles, organisational structures and measurement and monitoring processes precisely aligned with the highly diverse activities of the GFT Group's two business divisions: *Services* and *Resourcing*.

GFT takes care to maintain a balanced relationship between opportunities and risk. If the company takes risks, it does so consciously in order to grasp the available opportunity. All risks must always be assessable and manageable, as well as helping to raise the company's value.

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. Loss-making projects in 2010 once again underlined the necessity to continually develop GFT's existing risk management structures.

### Opportunity and risk management at GFT

The GFT Group's risk management system is integrated into its business processes and decisions and thus embedded into group-wide planning and controlling processes. Risk management and control mechanisms are precisely coordinated with each other. They ensure that relevant risks for the company are recognised and assessed as early as possible. At the same time, they must also ensure that possible opportunities are swiftly utilised.

GFT's risk management system is organised both decentrally and centrally. Risks and opportunities are regularly determined, evaluated and analysed across all hierarchy levels. All managers are involved in the group-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 centrally organised Risk Management Steering Committee reports to the Chief Financial Officer. It coordinates the various management bodies and ensures they are provided with swift and continual information. The Steering Committee is also responsible for the continual analysis of GFT's risk profile, for initiating measures to prevent risks and for the corresponding control instruments. The GFT Group's management bodies hold regular meetings in order to exchange risk-relevant information between the operative and central divisions across all levels, locations and countries.

The Risk Management Officer serves as the Group contact and is also a member of the Steering Committee. He immediately initiates the necessary countermeasures if unforeseen risks occur. He is responsible for the development of the risk management system and also monitors its documentation in the risk management manual. In order to ensure efficient implementation of risk management at all hierarchical levels of the company, the risk management manual can be accessed by all staff worldwide via the intranet.

In addition, the Risk Management Officer defines uniform standards and ensures that similar risk management processes are applied in both business divisions. Regular analysis of financial figures relating to the business development of the segments and the international affiliates is used to identify and assess possible deviations from expected developments as early as possible and to take appropriate countermeasures. Moreover, the Internal Audit department monitors the efficiency and functioning of the risk management system and checks compliance with regulations in the administrative processes of individual Group companies and operational projects within the scope of its audits and special audits. Risk planning and identification are conducted in cooperation with the respective divisional managers. The structure and function of the risk early recognition system is also assessed by the external auditor.

## Opportunity and risk areas of GFT

### Business opportunities and risks

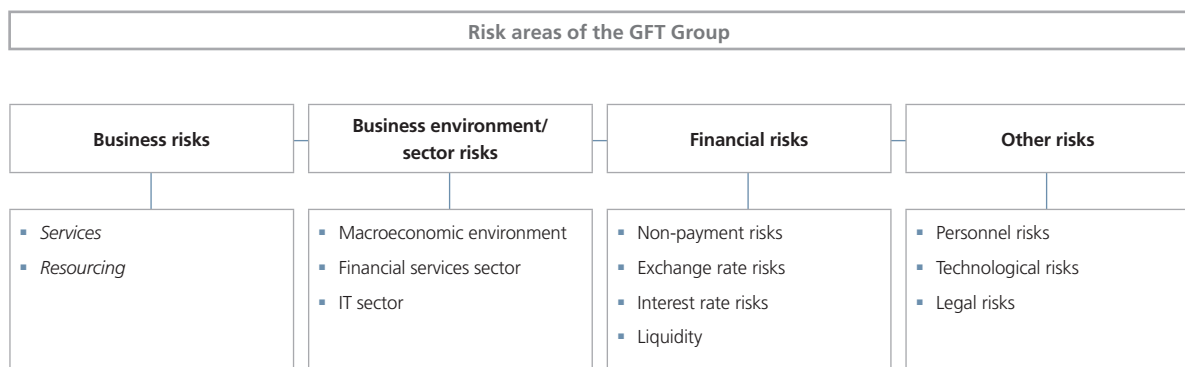
GFT analyses the business risks for each of its segments, *Services* and *Resourcing*, separately. This enables it to take account of their differing business models and respective risk structures.

#### ■ Services

Activities in GFT's *Services* division are mainly tailored to clients in the financial services industry. One year after the peak of the financial market crisis, many banks and insurance companies cleared their investment backlog in 2010. The resulting needs of banks to optimise their core banking solutions, especially in the field of corporate and investment banking, led to a strong increase in revenue for GFT in the period under review and will continue to offer growth opportunities in future. We shall therefore continue our strategy of positioning ourselves as a strategic IT partner for the banking sector in order to meet the growing requirements of our clients with regard to modern and tailored IT solutions. We are continually expanding our range of banking solution products, e.g. with the design of new mobile solutions.

Thanks to its focus on the financial sector and close client relationships, GFT can compete successfully on the national and international market for IT services. Moreover, GFT can build on these long-term client relationships when acquiring new projects. Contracts over several years and efficient 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. In order to prevent any deviations from planning which might negatively impact earnings, GFT has also established detailed and binding specifications for both the preparation of the offer and for project and quality management. In doing so, the company follows the internationally recognised Capability Maturity Model Integration (CMMI®) process model. Application of the CMMI® process has in the past enabled GFT 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 – as achieved by the development centres in Spain and Brazil in 2008.



Nevertheless, there were considerable plan overruns for a major project in 2010. Thanks to GFT's risk management system, these were recognised but could not be fully averted. To ensure that such project risks are recognised earlier in future, and to reduce or avoid them, a new and extensive project risk assessment process was introduced for the beginning of the bidding phase of a project. In addition to the Quality Engineers in the respective country, the central »Operational Risk Management & Quality Office« set up in the middle of the past year monitors all projects throughout the Group and conducts special reviews for those projects classified as risky – irrespective of their current risk status.

#### ■ **Resourcing**

The adverse economic climate in 2009 led to sluggish demand for freelance specialists which lasted into the first half of 2010. In the second half of the year, however, companies increasingly utilised the flexibility which freelance staff offer for manpower planning. According to market surveys, there will be even stronger demand in future for highly specialised IT staff, such as those placed by GFT. In the period under review, GFT expanded its portfolio of services by offering the placement of engineers.

In 2010, processes at GFT's facilities in Germany and France were adapted to the newer ISO 9001:2008 quality management standard and certified accordingly. The aim is to guarantee consistently high quality in the company's *Resourcing* business and thus to maintain or raise customer satisfaction.

### **Business environment and sectors**

#### ■ **Macroeconomic environment**

The main macroeconomic risks include the overall economic situation, the general propensity to invest and price developments on the IT market. For 2011, GFT expects the current global economic upswing to continue. In countries with high state deficits, however, such as Spain and Portugal, the economic situation may put prices under pressure. GFT counters this risk by utilising the cost advantages of its international development centres.

#### ■ **Financial services industry**

In its financial year 2010, the GFT Group generated 69% of all revenue with its customers in the financial services industry (prev. year: 66%). This offers both opportunities and risks. The company's focus on this sector means that it can differentiate itself from national and international competitors by means of its specialisation and extensive sector know-how. At the same time, the company must guard against the risks which might result for GFT from fluctuations within the financial sector. The past year, 2010, underlined the fact that in economically uncertain times, companies must invest in core banking systems. The Group makes consistent and targeted efforts to broaden its client base and portfolio of services in its core areas of competence in order to keep market risks to a minimum. The largest client in this industry accounted for approximately 47% of revenue in 2010. The GFT Group mainly implements projects connected with the core applications of this client. GFT has actively taken steps to avert any possible negative effects on revenue and earnings due to reduced demand from these clients: long-term contracts, intensive customer support at Board level and targeted account management are all aimed at securing this high revenue contribution.

#### ■ **IT industry**

The market for IT services in Germany and Europe is fiercely competitive. GFT must compete with a number of companies of varying size and international scope. The Group is working hard to meet the requirements of its clients by anticipating their needs with innovative solutions and by investing in future-oriented topics such as mobile banking

applications. The Group's Global Production Model offers further competitive advantages. GFT continually monitors market developments in order to flexibly adapt its portfolio of services where necessary.

### Financial opportunities and risks

#### ■ Non-payment risk

Risks arise due to the partial or total default of receivables due from clients. GFT closely tracks the creditworthiness of its large clients – mainly international banks and industrial clients. The default risks with respect to receivables are minimal on average in the long term, due to the predominantly high liquidity of these clients. Furthermore, within the framework of its internal group reporting, GFT thoroughly examines overdue receivables on a monthly basis and takes corrective measures as soon as they appear necessary. For new clients, particularly in the *Resourcing* segment, comprehensive credit screening accompanies the preparation of an offer.

#### ■ Exchange rates

GFT is only marginally exposed to exchange rate opportunities and risks. The accounting and Group currency is the euro. Only a small number of transactions are processed in foreign 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. Projects that are produced and invoiced in a different currency are hedged against as required with the aid of derivative financial instruments. Despite the strong development of the Brazilian real against the euro in financial year 2010, no recourse was made to such measures. The costs for using derivative financial instruments was disproportionate to the higher personnel expense of Brazilian staff used in projects for European clients. The steady growth of the Brazilian real over the past two years will continue to be monitored in 2011. Where necessary, GFT will implement the measures described above.

#### ■ Interest rates

Interest rate opportunities and risks are caused by market-led fluctuations in the interest rate. The GFT Group has installed an active and centrally controlled treasury management system which analyses both possible interest rate and currency risks and, if necessary, intervenes to control them on an individual basis. It also offers the chance to realise positive interest effects if these can be observed from financial market trends – for example, by investing in long-term financial assets. GFT's investments in securities are subject to the usual market risks and opportunities in respect of interest rate changes, issuer creditworthiness, and share price risks of the capital markets. Interest-bearing, derivative financial instruments are not currently used. This is partly due to the fact that GFT has no outstanding loans at present which might require interest hedging.

#### ■ Liquidity

Within the framework of financial planning, GFT attaches a high priority to the safeguarding of liquidity. This ensures that the company's continued existence is not jeopardised due to insolvency. Measures to ensure liquidity include a weekly liquidity report and monthly liquidity planning with a planning horizon of twelve months. A strong liquidity position and equity base once again safeguarded the financial independence of the GFT Group in 2010. As a result, no loans were taken out.

The financial risks of the GFT Group can be regarded as low at present. As a consequence, no financial instruments are currently used to hedge against such risks. However, potential risks are permanently and closely monitored by the Group Consolidation & Treasury department. Where necessary, derivative financial instruments are used to hedge against exchange rate or interest rate risks.

### Other opportunities and risks

#### ■ Personnel

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 – also against the backdrop of the current shortage of skilled labour –, GFT positions itself as an attractive employer and seeks the long-term retention of its management and staff. The corresponding personnel measures to achieve this include attractive remuneration systems, individual career models, training measures and an interesting working environment geared to the respective employee's personal qualifications. The company continually undertakes intensive efforts to avert a potential risk to earnings from underutilisation of staff with the aid of regular utilisation reports. These comprise an estimation of future project needs or capacity becoming available. In order to secure capacity utilisation, all areas of the GFT Group involved (HR, Staffing Office, Delivery Management, Sales, General Management) continually and regularly exchange the necessary information.

#### ■ Technology

The short life cycles of IT systems, technologies and software represent a not inconsiderable risk for the *Services* division. GFT safeguards its future market success as a leader in technology and innovation by identifying technological trends early on and reacting accordingly. The Group Technology & Information Office observes market developments, prepares and evaluates trend analyses and coordinates research and development.

The Group's own IT processes are regularly examined. In addition, the company services, maintains and optimises its IT infrastructure to ensure efficient and reliable operation and constant availability. Numerous protective measures, such as data backups, access protection, firewalls, virus scanners and software to detect any penetration of the computer systems, all serve to protect GFT's IT infrastructure. This guarantees operational capability and almost completely excludes unauthorised access to key data or the loss of such data.

#### ■ Legal environment

The relationships between GFT and its clients are regulated by contracts. Master contracts are used which have been drafted by our own legal department. Any deviations from standard contracts or the clients' own contracts are checked carefully by the legal department. Any amendment requests are discussed and negotiated with the client. In this way, the GFT Group 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 limited to a reasonable amount. Contractual provisions which exceed the Group's regulations, e.g. the acceptance of guarantees or contractual penalties, require additional coordination with the Executive Board.

### 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 the 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.

## Takeover-relevant information and remuneration system

The 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

At the time of preparing this report, there are no recognisable risks that might jeopardise the current or future existence of the GFT Group. 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.

### 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 and variable compensation components. The fixed compensation component is paid as a monthly salary. The performance-based, variable components are one-off payments. In addition, remuneration in three cases also includes the provision of a company vehicle for private use. All members of the Executive Board receive contributions towards their retirement pensions and the payment of insurance premiums within the customary coverage range. A retroactive change of the contribution amounts is excluded. Stock option programmes or similar securities-oriented incentive systems do not currently exist.

The first variable compensation component is linked to the Group's revenue and results, as well as to the attainment of agreed personal goals. The revised version of section 87 AktG in force since 5 August 2009 prescribes that variable compensation components must always be based on performance over several years. This should take account of both positive and negative developments. GFT has taken account of this revised regulation by adopting a corresponding second variable compensation component. The GFT Supervisory Board has so far implemented this in the case of one contract extension. The Supervisory Board will consider these regulations for both new contracts and contract extensions.

During the past financial year, total remuneration for members of the Executive Board amounted to €1.90 million (previous year: €1.56 million). On 20 May 2010, 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 a fixed compensation component. Each member of the Supervisory Board receives compensation of €11 thousand 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 €82 thousand (previous year: €81 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 2010 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 2010, the company is aware of the following direct equity participations that exceed ten percent of the voting rights: Mr. Ulrich Dietz (Chairman of the Executive Board) holds 28.46% of 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 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:

Two levels of conditional capital (sections 192 et seq. German Stock Corporation Act), 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 20 May 2010 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 19 May 2015. 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 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 the case of one Executive Board member, however, 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

According to the latest forecasts of the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD), the global economic upturn will continue in 2011. The OECD expects global output to grow by 4.2% in 2011. The IMF has upgraded its original forecast by 0.2%-points to 4.4%. Economists attribute this growth above all to strong tax cuts in the USA. The momentum has slowed less than feared and many developing nations are displaying robust growth. This optimism is dampened in the emerging markets, however, by high unemployment and mounting inflationary pressure.

The IMF believes that the Euro zone's debt problems are still a considerable source of risk. So far, Germany has succeeded in detaching itself from the problem. At the moment, Germany is growing twice as fast as the Euro zone. According to the IMF, this trend will also continue in 2011 – albeit at a slower pace. Following GDP growth of 3.6% in the past financial year, the IMF and OECD now forecast growth of 2.2%.

However, the IMF believes that drastic budget cuts in many European countries represent a risk for the current upswing, as Germany's European neighbours are still the country's largest export market. The IMF states that an expansion of the European Financial Stability Facility (EFSF) might help counteract this trend.

### Sector development

In view of growing demand in the IT sector, BITKOM (Bundesverband Informationswirtschaft, Telekommunikation und Neue Medien e.V.) regards the prospects for the coming year as overwhelmingly positive. According to surveys conducted by the high-tech association, 84% of companies on the German ICT market expect increased sales, while 9% expect stable revenue. This upbeat mood is dominated by IT service providers, 90% of whom expect rising sales in the coming year, according to BITKOM.

Based on these findings, the high-tech association forecasts growth of 4.3% to €68.8 billion for the German IT market in 2011. Growth is expected to be particularly strong in the field of IT services, where BITKOM forecasts an increase in revenue of 3.5% to €34.2 billion. Cloud Computing and new business models based on this topic are expected to play a decisive role. According to BITKOM, one critical factor for growth in 2011 will be the number of available skilled workers. Due to the improved employment situation in the IT sector, there are already signs that the current shortage of highly skilled IT specialists is becoming increasingly acute.

The development of the European market for Information and Communication Technology (ICT) is also promising. European Information Technology Observatory (EITO) forecasts growth of 1.5% to €715 billion in 2011. As in Germany, companies are now making IT investments which they postponed during the financial market crisis. The institute believes this will have a particularly positive impact on revenue in the field of IT services, software and end-user devices, which are set to grow by 3.9% to €314 billion. EITO also sees great potential for ICT markets in the emerging nations. In Brazil, for example, the institute forecasts growth of 7% to around €83 billion in 2011.

### Revenue and earnings forecast

The Executive Board has based its forecast for the further development of the GFT Group on the above expectations for macroeconomic and sector development.

On the assumption that the economy carries on growing, albeit at a slower pace, GFT expects that the current positive development will continue in the financial year 2011. The economic upswing will provide numerous opportunities for the GFT Group across all sectors. Both business divisions will tap further growth fields in 2011 and build on their specific strengths in line with market needs.

In the *Services* segment, the financial sector's propensity to invest will lead to a stable development of business at a high level. In 2011, ongoing strong demand for outsourcing services and IT solutions for corporate and investment banking will positively impact revenue and earnings. Financial institutes are also expected to make further investments in their core banking systems and customer management. Increased growth potential is also expected from the development of mobile banking applications in the current financial year. GFT is already present in this future market and has laid the foundation for future growth with the development of modern and secure solutions at its own Competence Centre. In the *Services* division, revenue growth of around 8% in 2011 is expected to easily outpace overall market growth.

With the ongoing recovery of the industrial sector – of particular importance for the *Resourcing* division – the GFT Group expects a further rise in demand for freelance specialists. This upswing will have an even greater impact on the segment's development in financial year 2011 than in 2010, especially on its Resource Management business. Third Party Management will continue to benefit directly from growing demand in the financial sector. The expansion of the product portfolio to include the international placement of engineers with plant and machinery manufacturers will offer further growth opportunities. With its global network of experts, GFT offers solutions to the growing demand for highly skilled employees and will position itself even more strongly as an international

resourcing partner in future. The Executive Board expects growth of around 15% for the *Resourcing* segment in financial year 2011.

The GFT Group will continue to enjoy sustainable and profitable growth in 2011. The propensity to invest in those markets of particular importance to GFT makes us optimistic that we can continue our positive business development. With our attractive range of products and services, we are well positioned on the international market – this has been clearly demonstrated over the past years – and offer solutions for key future issues. The Executive Board will keep a close eye on any remaining uncertainties and risks resulting from the pace of economic growth and continue to pursue its prudent business policy. The development of innovative business models will remain an integral part of our corporate philosophy in future. For the financial year 2011, the Executive Board expects organic growth of 11% with revenue of €275 million and earnings before taxes of €13 million.

The GFT Group is also confident that it can achieve sustainable growth beyond its financial year 2011. With the aid of organic growth and strategic acquisitions, the Group will continue to develop its business around the world. Assuming the overall market continues its current positive development, the Executive Board expects to reach total revenue of €500 million in the year 2015.

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Stuttgart, 7 March 2011

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 2010

GFT Technologies Aktiengesellschaft, Stuttgart

### Assets

| €                                                       | Notes | 31.12.2010            | 31.12.2009            | 31.12.2008            |
|---------------------------------------------------------|-------|-----------------------|-----------------------|-----------------------|
| <b>Non-current assets</b>                               |       |                       |                       |                       |
| Intangible assets                                       |       |                       |                       |                       |
| Licences, industrial property rights and similar rights | ①     | 431,980.03            | 364,535.53            | 476,845.48            |
| Goodwill                                                | ①     | 20,367,546.07         | 20,365,010.57         | 20,365,010.57         |
|                                                         |       | 20,799,526.10         | 20,729,546.10         | 20,841,856.05         |
| Tangible assets                                         |       |                       |                       |                       |
| Other equipment, office and factory equipment           | ②     | 2,601,922.52          | 2,044,691.89          | 2,431,692.29          |
| Construction on foreign property                        | ②     | 104,365.67            | 146,776.26            | 194,461.94            |
|                                                         |       | 2,706,288.19          | 2,191,468.15          | 2,626,154.23          |
| Financial assets                                        |       |                       |                       |                       |
| Securities                                              | ③     | 12,702,271.24         | 0.00                  | 0.00                  |
| Financial assets, accounted for using the equity method | ③     | 44,008.95             | 36,165.05             | 40,096.56             |
| Investments                                             | ③     | 0.00                  | 0.00                  | 0.00                  |
|                                                         |       | 12,746,280.19         | 36,165.05             | 40,096.56             |
| Other financial assets                                  | ⑥     | 404,771.40            | 349,408.58            | 375,844.99            |
| Current tax assets                                      | ⑩     | 585,029.38            | 655,816.14            | 737,781.01            |
| Deferred tax assets                                     | ⑩     | 4,948,002.63          | 5,813,304.61          | 6,704,066.98          |
|                                                         |       | <b>42,189,897.89</b>  | <b>29,775,708.63</b>  | <b>31,325,799.82</b>  |
| <b>Current assets</b>                                   |       |                       |                       |                       |
| Inventories                                             | ⑤     | 0.00                  | 0.00                  | 6,602.50              |
| Trade receivables                                       | ⑤     | 54,799,670.75         | 41,757,487.92         | 44,122,891.38         |
| Securities                                              | ⑦     | 1,384,000.00          | 2,235,800.00          | 2,177,744.00          |
| Current tax assets                                      | ⑩     | 243,550.42            | 204,920.81            | 1,172,024.61          |
| Cash and cash equivalents                               | ⑦     | 26,232,995.13         | 35,471,848.76         | 33,014,913.43         |
| Other financial assets                                  | ⑥     | 1,908,480.55          | 359,484.09            | 442,530.59            |
| Other assets                                            | ⑥     | 1,819,106.38          | 1,526,690.38          | 1,233,650.53          |
|                                                         |       | <b>86,387,803.23</b>  | <b>81,556,231.96</b>  | <b>82,170,357.04</b>  |
| Non-current assets and disposal groups held for sale    |       |                       |                       |                       |
|                                                         | VII   | 0.00                  | 2,049,496.73          | 0.00                  |
|                                                         |       | 86,387,803.23         | 83,605,728.69         | 82,170,357.04         |
|                                                         |       | <b>128,577,701.12</b> | <b>113,381,437.32</b> | <b>113,496,156.86</b> |

## Shareholders' Equity and Liabilities

| €                                                                                         | Notes | 31.12.2010            | 31.12.2009            | 31.12.2008            |
|-------------------------------------------------------------------------------------------|-------|-----------------------|-----------------------|-----------------------|
| <b>Shareholders' equity</b>                                                               |       |                       |                       |                       |
| 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     | 10,243,349.97         | 8,543,349.97          | 6,843,349.97          |
| Changes in equity not affecting net income                                                |       |                       |                       |                       |
| Foreign currency translations                                                             | 8     | 535,311.01            | 140,577.64            | -32,434.45            |
| Reserve of market assessment for securities                                               | 8     | -427,800.00           | -410,420.00           | -708,080.00           |
| Consolidated balance sheet loss                                                           | 8     | -7,554,412.13         | -10,995,236.23        | -11,403,899.20        |
|                                                                                           |       | 71,270,177.00         | 65,751,999.53         | 63,172,664.47         |
| Interests of non-controlling equity holders                                               | 8     | 0.00                  | 0.00                  | 0.00                  |
|                                                                                           |       | <b>71,270,177.00</b>  | <b>65,751,999.53</b>  | <b>63,172,664.47</b>  |
| <b>Liabilities</b>                                                                        |       |                       |                       |                       |
| Non-current liabilities                                                                   |       |                       |                       |                       |
| Provisions for pensions                                                                   | 9     | 652,225.40            | 457,472.44            | 963,076.09            |
| Other provisions                                                                          | 11    | 969,795.00            | 879,895.84            | 969,299.00            |
| Other liabilities                                                                         | 12 13 | 0.00                  | 0.00                  | 47,887.12             |
| Deferred tax liabilities                                                                  | 10    | 469,197.24            | 601,198.65            | 392,204.10            |
|                                                                                           |       | 2,091,217.64          | 1,938,566.93          | 2,372,466.31          |
| Current liabilities                                                                       |       |                       |                       |                       |
| Other provisions                                                                          | 11    | 18,195,205.23         | 13,568,351.01         | 12,293,780.88         |
| Current income tax liabilities                                                            | 10    | 1,285,617.34          | 1,170,106.70          | 1,384,108.10          |
| Financial liabilities                                                                     | 12    | 0.00                  | 0.00                  | 150,000.00            |
| Trade payables                                                                            | 12    | 27,873,659.18         | 23,277,976.61         | 26,100,329.27         |
| Other financial liabilities                                                               | 12 13 | 1,280,467.48          | 1,081,762.34          | 1,080,353.04          |
| Other liabilities                                                                         | 12 13 | 6,581,357.25          | 4,917,947.45          | 6,942,454.79          |
|                                                                                           |       | 55,216,306.48         | 44,016,144.11         | 47,951,026.08         |
| Liabilities directly associated with non-current assets and disposal groups held for sale | VII   | 0.00                  | 1,674,726.75          | 0.00                  |
|                                                                                           |       | 55,216,306.48         | 45,690,870.86         | 47,951,026.08         |
|                                                                                           |       | <b>57,307,524.12</b>  | <b>47,629,437.79</b>  | <b>50,323,492.39</b>  |
|                                                                                           |       | <b>128,577,701.12</b> | <b>113,381,437.32</b> | <b>113,496,156.86</b> |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2010 to 31 December 2010  
GFT Technologies Aktiengesellschaft, Stuttgart

### Partial Statement Affecting Net Income: Consolidated Income Statement

| €                                                                        | Notes | 2010                 | 2009                  |
|--------------------------------------------------------------------------|-------|----------------------|-----------------------|
| Revenue                                                                  | 15    | 248,263,464.73       | 216,807,880.62        |
| Other operating income                                                   | 16    | 3,534,880.76         | 1,957,219.01          |
|                                                                          |       | 251,798,345.49       | 218,765,099.63        |
| Cost of materials:                                                       |       |                      |                       |
| a) Expenses for raw materials and supplies and for purchased goods       | 17    | 24,872.97            | 34,940.19             |
| b) Costs of purchased services                                           | 17    | 142,037,925.62       | 130,411,202.53        |
|                                                                          |       | 142,062,798.59       | 130,446,142.72        |
| Personnel expenses:                                                      |       |                      |                       |
| a) Salaries and wages                                                    | 17    | 63,157,297.71        | 51,971,583.72         |
| b) Social security and expenditures for retirement pensions              | 9 17  | 13,321,588.14        | 10,552,409.19         |
|                                                                          |       | 76,478,885.85        | 62,523,992.91         |
| Depreciation on non-current intangible assets and of tangible assets     | 18    | 1,176,114.74         | 1,206,850.93          |
| Other operating expenses                                                 | 19    | 21,058,533.69        | 17,251,757.96         |
| <b>Result from operating activities</b>                                  |       | <b>11,022,012.62</b> | <b>7,336,355.11</b>   |
| Other interest and similar income                                        | 21    | 734,481.04           | 548,830.87            |
| Profit share from associates                                             | 3     | -6,167.20            | -3,931.51             |
| Depreciation on securities                                               | 7 18  | 141,154.95           | 0.00                  |
| Interest and similar expenses                                            | 21    | 57,095.18            | 24,494.15             |
| Financial result                                                         |       | 530,063.71           | 520,405.21            |
| <b>Earnings before taxes</b>                                             |       | <b>11,552,076.33</b> | <b>7,856,760.32</b>   |
| Taxes on income and earnings                                             | 10    | 3,304,121.93         | 1,671,325.49          |
| Net income from continued operations                                     |       | 8,247,954.40         | 6,185,434.83          |
| Net loss from discontinued operations                                    | VII   | -474,535.70          | -1,444,177.26         |
| <b>Net income</b>                                                        |       | <b>7,773,418.70</b>  | <b>4,741,257.57</b>   |
| – attributable to non-controlling equity holders                         | 8     | 0.00                 | 0.00                  |
| – attributable to equity holders of the parent (consolidated net income) | 8     | 7,773,418.70         | 4,741,257.57          |
| Loss carried forward from previous year                                  |       | -13,627,830.83       | -14,036,493.80        |
| Allocations to retained earnings                                         |       |                      |                       |
| – to other retained earnings                                             | 8     | -1,700,000.00        | -1,700,000.00         |
| <b>Consolidated balance sheet loss</b>                                   |       | <b>-7,554,412.13</b> | <b>-10,995,236.23</b> |
| Net earnings per share – undiluted                                       | 24    | 0.30                 | 0.18                  |
| Net earnings per share – diluted                                         | 24    | 0.30                 | 0.18                  |
| Net earnings per share from continued operations – undiluted             | 24    | 0.31                 | 0.23                  |
| Net earnings per share from continued operations – diluted               | 24    | 0.31                 | 0.23                  |

Partial Statement Not Affecting Net Income: Consolidated Income Statement

| €                                                                     | Notes | 2010                | 2009                |
|-----------------------------------------------------------------------|-------|---------------------|---------------------|
| <b>Net income</b>                                                     |       | <b>7,773,418.70</b> | <b>4,741,257.57</b> |
| Financial assets available for sale (securities):                     |       |                     |                     |
| – Change of fair value recognised in equity during the financial year | 7 14  | 253,050.00          | 319,500.00          |
| – Reclassification amounts to the income statement                    | 7 14  | -295,350.00         | 0.00                |
|                                                                       |       | -42,300.00          | 319,500.00          |
| Exchange differences on translating foreign operations:               |       |                     |                     |
| – Profits/losses during the financial year                            | 14    | 394,733.37          | 173,012.09          |
| – Reclassification amounts to the income statement                    |       | 0.00                | 0.00                |
|                                                                       |       | 394,733.37          | 173,012.09          |
| Income taxes on components of other result                            | 14    | 24,920.00           | -21,840.00          |
| <b>Other result</b>                                                   |       | <b>377,353.37</b>   | <b>470,672.09</b>   |
| <b>Total result</b>                                                   |       | <b>8,150,772.07</b> | <b>5,211,929.66</b> |
| – thereof attributable to non-controlling shareholders                | 8     | 0.00                | 0.00                |
| – thereof attributable to shareholders of parent company              | 8     | 8,150,772.07        | 5,211,929.66        |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 December 2010<sup>1</sup>

GFT Technologies Aktiengesellschaft, Stuttgart

| €                                                 | Subscribed<br>capital | Capital<br>reserve   | Retained<br>earnings          |
|---------------------------------------------------|-----------------------|----------------------|-------------------------------|
|                                                   |                       |                      | Other<br>retained<br>earnings |
| <b>As at 01.01.2009</b>                           | <b>26,325,946.00</b>  | <b>42,147,782.15</b> | <b>6,843,349.97</b>           |
| Dividend payment                                  |                       |                      |                               |
| Total income and expenses for financial year 2009 |                       |                      |                               |
| Allocations to retained earnings                  |                       |                      |                               |
| – to other retained earnings                      |                       |                      | 1,700,000.00                  |
| <b>As at 31.12.2009</b>                           | <b>26,325,946.00</b>  | <b>42,147,782.15</b> | <b>8,543,349.97</b>           |
| Dividend payment                                  |                       |                      |                               |
| Total income and expenses for financial year 2010 |                       |                      |                               |
| Allocations to retained earnings                  |                       |                      |                               |
| – to other retained earnings                      |                       |                      | 1,700,000.00                  |
| <b>As at 31.12.2010</b>                           | <b>26,325,946.00</b>  | <b>42,147,782.15</b> | <b>10,243,349.97</b>          |

<sup>1</sup> Further details on the Consolidated Statement of Changes in Equity are provided in points 8 and 14 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 |                                 |                                                     |                    |                     |
| -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       |
|                                         |                                  | -2,632,594.60                   | -2,632,594.60                                       | 0.00               | -2,632,594.60       |
| 394,733.37                              | -17,380.00                       | 7,773,418.70                    | 8,150,772.07                                        | 0.00               | 8,150,772.07        |
|                                         |                                  | -1,700,000.00                   | 0.00                                                | 0.00               | 0.00                |
| 535,311.01                              | -427,800.00                      | -7,554,412.13                   | 71,270,177.00                                       | 0.00               | 71,270,177.00       |

## CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January 2010 to 31 December 2010<sup>1</sup>  
GFT Technologies Aktiengesellschaft, Stuttgart

| €                                                                                                           | 2010                  | 2009                 |
|-------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| Net income                                                                                                  | 7,773,418.70          | 4,741,257.57         |
| Depreciation on non-current intangible and tangible assets as well as financial assets                      | 1,192,980.74          | 1,278,128.99         |
| Changes in provisions                                                                                       | 4,324,451.02          | 1,897,000.04         |
| Other non-cash expenses/income                                                                              | 310,588.30            | -159,607.94          |
| Profit from the disposal of long-term tangible and intangible assets as well as financial assets            | -301,000.00           | 6,800.67             |
| Changes in trade receivables                                                                                | -12,996,771.78        | 1,903,654.39         |
| Changes in other assets                                                                                     | -996,949.64           | 1,335,947.69         |
| Changes in trade liabilities and other liabilities                                                          | 7,611,325.90          | -4,436,345.42        |
| Other changes in equity                                                                                     | 394,733.37            | 0.00                 |
| <b>Cash flow from operating activities<sup>2</sup></b>                                                      | <b>7,312,776.61</b>   | <b>6,566,835.99</b>  |
| Cash receipts from sales of tangible assets                                                                 | 0.00                  | 21,570.17            |
| Cash payments to acquire tangible assets                                                                    | -1,411,448.10         | -611,969.12          |
| Cash payments to acquire non-current intangible assets                                                      | -318,918.15           | -143,646.71          |
| Cash payments to acquire financial assets                                                                   | -12,735,977.81        | 0.00                 |
| Cash receipts from sale of consolidated companies net of cash and cash equivalents disposed of <sup>3</sup> | -1,331,471.43         | -15,652.64           |
| Cash receipts for the short-term financial management of cash investments                                   | 1,150,000.00          | 0.00                 |
| <b>Cash flow from investing activities</b>                                                                  | <b>-14,647,815.49</b> | <b>-749,698.30</b>   |
| Cash payments for repayments of bonds/loans                                                                 | 0.00                  | -150,000.00          |
| Payments to shareholders                                                                                    | -2,632,594.60         | -2,632,594.60        |
| Other changes in equity and minority interest                                                               | 0.00                  | 151,172.09           |
| <b>Cash flow from financing activities</b>                                                                  | <b>-2,632,594.60</b>  | <b>-2,631,422.51</b> |
| Change in cash funds from cash-relevant transactions                                                        | -9,967,633.48         | 3,185,715.18         |
| Cash funds at the beginning of the period                                                                   | 36,200,628.61         | 33,014,913.43        |
| <b>Cash funds at the end of the period</b>                                                                  | <b>26,232,995.13</b>  | <b>36,200,628.61</b> |

<sup>1</sup> Further details on the Consolidated Cash Flow Statement are provided in point 23 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.

<sup>2</sup> Cash flow from operating activities contains cash flow from income taxes of €-2,347 thousand (net pay-out; previous year: €-398 thousand).

Cash flow from operating activities also contains cash flow from interest paid of €31 thousand (previous year: €304 thousand)

and cash flow from interest received of €533 thousand (previous year: €567 thousand).

<sup>3</sup> The item mainly concerns discontinued operations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2010

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 2010 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 Technologies AG as at 31 December 2010 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 7 March 2011; the Supervisory Board of GFT AG will decide on the adoption of the Consolidated Financial Statements on 21 March 2011.

GFT is an international provider of innovative IT solutions, active in the *Services* and *Resourcing* divisions, as well as in the *Software* division until 14 May 2010 (see Segment Report). GFT AG is registered in Germany in the legal form of a public limited company with headquarters at Filderhauptstr. 142, 70599 Stuttgart. 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 2010

The table below presents those pronouncements and amendments released by the IASB for initial application in financial year 2010 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 (Amendments)                            |
| IFRS 2                  | Share-based Payment (Amendment)                                     |
| IFRS 3                  | Mergers (Revised 2008)                                              |
| IAS 27                  | Consolidated and Financial Statements (Amendments 2008)             |
| IAS 39                  | Financial instruments: inclusion and valuation (several amendments) |
| IFRIC 17                | Dividend in kind to owners                                          |
| Various                 | Improvements to IFRSs (April 2009)                                  |

The main amendments to IFRS 3 (revised 2008) are:

- In future, the option is given to measure non-controlling interests either at fair value (i.e. including goodwill) or at the prorated share of identifiable net assets.
- When a business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. The difference between the (remeasured) carrying value of the interest in the subsidiary and the prorated remeasured net assets of the subsidiary is recognised as goodwill.
- Liabilities recognized as of the acquisition date for the purpose of future purchase price adjustments in light of future events can no longer be offset against goodwill in subsequent periods.
- Ancillary acquisition costs must be recognized in income.

These amendments will have a corresponding effect on the accounting of company transactions.

The principal changes required by IAS 27 (2008) are:

- Transactions by which a parent company reduces its equity interest held in a subsidiary without a loss of control by the parent are to be accounted for in future as an equity transaction outside profit or loss.
- If a reduction in the equity interest held in a subsidiary involves a loss of control, the assets and liabilities of the subsidiary are derecognised in their entirety. The remaining interest in the company is to be recognised at fair value. The difference between the remaining carrying amounts and the fair values must be recognized in income. Non-controlling interests that become negative due to incurred losses must be recognized at their net negative amounts.

These amendments will have a corresponding effect on the accounting of certain company transactions.

### 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 2010.

| Standard/Interpretation |                                                                                                                             | Applicable to financial years from | Planned first application at GFT from |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------------------|
| IFRS 1                  | First application of IFRS (Amendments May 2010) <sup>1</sup>                                                                | 1 January 2011                     | 1 January 2011                        |
| IFRS 1                  | First application of IFRS (Amendments December 2010) <sup>1, 2</sup>                                                        | 1 July 2011                        | 1 January 2012                        |
| IFRS 9                  | Financial Instruments <sup>2, 3</sup>                                                                                       | 1 January 2013                     | 1 January 2013                        |
| IFRS 12                 | Taxes on income (Amendment December 2010) <sup>2, 3</sup>                                                                   | 1 January 2012                     | 1 January 2012                        |
| IAS 24                  | Related Party Disclosures (Revised 2009) <sup>1</sup>                                                                       | 1 January 2011                     | 1 January 2011                        |
| IAS 32                  | Financial Instruments: Presentation (Amendments 2009) <sup>1</sup>                                                          | 1 February 2010                    | 1 January 2011                        |
| IFRIC 14                | IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments) <sup>1</sup> | 1 January 2011                     | 1 January 2011                        |
| IFRIC 19                | Extinguishing Financial Liabilities with Equity Instruments <sup>1</sup>                                                    | 1 July 2010                        | 1 January 2011                        |
| Various                 | Improvements to IFRSs (of May 2010) <sup>1</sup>                                                                            | 1 July 2010/<br>1 January 2011     | 1 January 2011                        |
| IFRS 7                  | Financial Instruments: Disclosures (Amendments of October 2010) <sup>1, 2</sup>                                             | 1 July 2011                        | 1 January 2012                        |

<sup>1</sup> No notable effects are expected on the consolidated financial statements of GFT AG.

<sup>2</sup> Announcement of the IASB/IFRIC has not been accepted by the EU.

<sup>3</sup> Effect on the consolidated financial statements of GFT AG still has to be ascertained.

IFRS 9 (2009) »Financial Instruments« replaces the current regulations of IAS 39 regarding the classification and measurement of financial assets and liabilities.

IAS 24 (2009) »Related Party Disclosures« mainly simplifies the reporting of related parties which are controlled or significantly influenced by the state.

The amendment of IAS 32 (2009) »Financial Instruments: Presentation« refers to how certain rights issues, options and warrants denominated in a foreign currency are to be measured by the issuer. The aforementioned instruments must be classified as equity.

### III. Consolidated group

In addition to GFT Technologies AG, the Consolidated Financial Statements as at 31 December 2010 also included the following subsidiaries (fully consolidated):

- GFT Technologies (Schweiz) AG, Opfikon, Switzerland
- GFT UK Limited, London, UK
- GFT Iberia Holding, S.A.U., Sant Cugat del Vallès, Spain
- GFT Resource Management GmbH, Eschborn, Germany
- GFT Technologies SARL, Neuilly-sur-Seine, France
- GFT Holding France SARL, Neuilly-sur Seine, France
- GFT IT Consulting, S.L.U., Sant Cugat del Vallès, Spain
- GFT Brasil Consultoria Informática Ltda., São Paulo, Brazil
- GFT USA, Inc., New York, USA
- emagine gmbh, Eschborn, Germany
- GFT Flexwork GmbH, Stuttgart, Germany
- GFT Innovations GmbH, Stuttgart, Germany (initial consolidation)

Compared to the Consolidated Financial Statements as at 31 December 2009, the following changes have resulted for the consolidated group and the subsidiaries.

On 14 May 2010, GFT AG sold all its shares in the subsidiary GFT *inboxx* GmbH, Hamburg. GFT *inboxx* GmbH was deconsolidated on 14 May 2010. In financial year 2009, GFT *inboxx* GmbH accounted for 2.1% of the Group's revenues; its share in the financial assets of the Group amounted to 1.6% as of 31 December 2009. The hiving off of GFT *inboxx* GmbH had no material effect on the assets, financial and earnings position of the Group. Further information on the Group's hiving off of GFT *inboxx* GmbH is provided in the explanations on discontinued operations.

On 13 August 2010, the memorandum of association of subsidiary GFT Business Development GmbH, Eschborn, was extensively altered. This included a change in its name to Youdress GmbH and the relocation of its registered office to Stuttgart. These changes became effective on 1 October 2010. Subsequently on 13 August 2010, GFT AG sold 50% of shares in GFT Business Development GmbH. GFT Business Development GmbH was de-consolidated on 13 August 2010 and has since been carried as an associated company (named Youdress GmbH), whose shares are carried in the balance sheet according to the equity method. In the financial years 2010 and 2009, GFT Business Development GmbH accounted for 0.0% of Group revenues. As of 31 December 2009 and on the date of divestment, its share in Group assets amounted to 0.0%. The deconsolidation of GFT Business Development GmbH had no material effect on the assets, financial and earnings position of the Group; income from the sale amounted to €11 thousand.

On 13 August 2010, GFT AG also acquired all shares in the previously non-operating company Platin 569. GmbH, Frankfurt am Main, which has been trading as GFT Innovations GmbH with registered office in Stuttgart since 23 September 2010. The above company was first consolidated as of its date of acquisition on 13 August 2010. Its contribution to consolidated revenues of the GFT Group in the period 1 January to 31 December 2010 amounted to €0 thousand with an effect for the net income of €-215 thousand. As of 31 December 2010, the share in Group assets of GFT Innovations GmbH amounted to 0.0%. The initial consolidation of GFT Innovations GmbH had no material effect on the assets, financial and earnings position of the Group.

#### 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.

The Consolidated Financial Statements include businesses of those companies in which GFT AG holds the majority of voting rights either directly or indirectly, 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 through an equity holding in excess of 50% (subsidiaries). Inclusion starts at the moment the possibility of dominance exists. It ends when the possibility of dominance no longer exists.

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 intangible and tangible 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.

Those investments though, in which GFT AG possesses a significant influence (associated companies) – 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 profit from associated companies recognized on 31 December 2010, concern the shares in eQuadriga Software Private Limited, Trichy, India, as well as shares in the Youdress GmbH, Stuttgart (previous year only eQuadriga Software Private Limited). We refer to point 3 of the Notes to the Group Financial Statements.

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

#### 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 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. No write-ups are recognised in subsequent periods for goodwill already written down.

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.

Although estimates of the useful lives of certain assets, assumptions concerning the economic environment and developments, and estimates of the discounted future cash flows are believed to be appropriate, changes in assumptions or circumstances could require changes in the analysis. This could lead to additional impairment losses in the future or – except in the case of goodwill – to reversals of impairment losses.

### Research and development costs, internally produced intangible assets

Research costs are registered as an expense in the period they are incurred. Development costs 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. Schedule 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/sub-contractor project time. Project losses are recognised immediately as expense.

### Financial instruments

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

#### – **Held-to-maturity financial assets**

are non-derivative financial assets with fixed or determinable payments and a fixed maturity date until which they are to be held. They are accounted for at amortised cost using the effective-interest method. Held-to-maturity financial investments are securities disclosed under financial assets.

#### – **Available-for-sale financial assets**

comprise those non-derivative financial assets which have not been assigned to one of the aforementioned categories. These are in particular equity (investment) measured at fair value, and liabilities (securities) not held to maturity. After 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, receivables and financial investments savable up to the final maturity**

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 license 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 25.6% and 28.0% (previous year: between 28.0% and 31.4%). The tax rates applicable for foreign subsidiaries are between 21.3% and 50.1% (previous year: 20.1% 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 »Essential 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.

## VII. Discontinued operations

The GFT Group intended to dispose of its business activities in the *Software* division. The Executive Board of GFT AG had adopted a respective disposal plan and had been actively seeking a buyer since November 2009; the disposal was expected to be completed in the second quarter of 2010. Most of the activities in this business division, and the respective employees, were pooled with the subsidiary GFT *inboxx* GmbH, Hamburg, Germany. All shares in this subsidiary were to be sold. Moreover, the *Software* division of GFT AG included disclosed software rights which were also to be sold. The *Software* division to be sold was 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 discontinuation of the business division in the second quarter of the financial year 2010 was realised as follows:

In a purchase agreement dated 14 May 2010, the software rights of GFT AG were sold to a non-Group company. In a share purchase agreement also dated 14 May 2010, GFT AG sold all shares in the subsidiary GFT *inboxx* GmbH to the same buyer; the *Software* segment was thus disposed of. All assets and liabilities of the *Software* segment were transferred on 14 May 2010, with the exception of pension obligations and the respective securities which the Group retains in contrast to the original plan due to the developing sales process; this decision had no impact on the net income of the financial years 2010 and 2009. The disposal of the *Software* segment resulted in a loss of €464 thousand.

The main groups of assets and liabilities categorised as available-for-sale in the previous year 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           |
|                                      | <b>2,049</b>  |
| Provisions for pensions              | -483          |
| Other provisions                     | -731          |
| Current liabilities                  | -461          |
|                                      | <b>-1,675</b> |

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 were 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.

Income from continued operations and from the discontinued operation are all attributable to the owners of the parent company. In the Consolidated Balance Sheet of the previous year, all assets and liabilities belonging to the discontinued operation are summarised in individual respective items.

## CONSOLIDATED INCOME STATEMENT ACCORDING TO CONTINUED AND DISCONTINUED OPERATIONS

for the period from 1 January 2010 to 31 December 2010  
GFT Technologies Aktiengesellschaft, Stuttgart

| €                                                                       | 2010                    | 2010                       | 2010             | 2010                 |
|-------------------------------------------------------------------------|-------------------------|----------------------------|------------------|----------------------|
|                                                                         | Continued<br>operations | Discontinued<br>operations | Consolidation    | Total company        |
| Revenue                                                                 | 248,263,464.73          | 1,101,328.71               | -31,803.09       | 249,332,990.35       |
| Other operating income                                                  | 3,534,880.76            | 120,115.03                 | -27,000.00       | 3,627,995.79         |
|                                                                         | 251,798,345.49          | 1,221,443.74               | -58,803.09       | 252,960,986.14       |
| Cost of materials:                                                      |                         |                            |                  |                      |
| a) Expenses for raw materials and supplies<br>and for purchased goods   | 24,872.97               | 21,289.56                  |                  | 46,162.53            |
| b) Costs of purchased services                                          | 142,037,925.62          | 64,777.45                  | -52,373.18       | 142,050,329.89       |
|                                                                         | 142,062,798.59          | 86,067.01                  | -52,373.18       | 142,096,492.42       |
| Personnel expenses:                                                     |                         |                            |                  |                      |
| a) Salaries and wages                                                   | 63,157,297.71           | 743,732.87                 |                  | 63,901,030.58        |
| b) Social security and expenditures for<br>retirement pensions          | 13,321,588.14           | 144,624.34                 |                  | 13,466,212.48        |
|                                                                         | 76,478,885.85           | 888,357.21                 | 0.00             | 77,367,243.06        |
| Depreciation on non-current intangible<br>assets and of tangible assets | 1,176,114.74            | 16,866.00                  |                  | 1,192,980.74         |
| Other operating expenses                                                | 21,058,533.69           | 494,427.10                 | -79,285.83       | 21,473,674.96        |
| <b>Result from operating activities</b>                                 | <b>11,022,012.62</b>    | <b>-264,273.58</b>         | <b>72,855.92</b> | <b>10,830,594.96</b> |
| Other interest and similar income                                       | 734,481.04              | 0.00                       |                  | 734,481.04           |
| Income from participations                                              | -6,167.20               | 0.00                       |                  | -6,167.20            |
| Depreciation on securities                                              | 141,154.95              | 3,118.82                   |                  | 144,273.77           |
| Interest and similar expenses                                           | 57,095.18               | 0.47                       |                  | 57,095.65            |
| Financial result                                                        | 530,063.71              | -3,119.29                  | 0.00             | 526,944.42           |
| <b>Earnings before taxes</b>                                            | <b>11,552,076.33</b>    | <b>-267,392.87</b>         | <b>72,855.92</b> | <b>11,357,539.38</b> |
| Taxes on income and earnings                                            | 3,304,121.93            | 279,998.75                 |                  | 3,584,120.68         |
| <b>Net income/net loss</b>                                              | <b>8,247,954.40</b>     | <b>-547,391.62</b>         | <b>72,855.92</b> | <b>7,773,418.70</b>  |

# CONSOLIDATED INCOME STATEMENT ACCORDING TO CONTINUED AND DISCONTINUED OPERATIONS

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

| €                                                                       | 2009                    | 2009                       | 2009              | 2009                |
|-------------------------------------------------------------------------|-------------------------|----------------------------|-------------------|---------------------|
|                                                                         | Continued<br>operations | Discontinued<br>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        |
|                                                                         | 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<br>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<br>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<br>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       |
| <b>Result from operating activities</b>                                 | <b>7,336,355.11</b>     | <b>-1,001,416.18</b>       | <b>-36,829.63</b> | <b>6,298,109.30</b> |
| Other interest and similar income                                       | 548,830.87              | 5,216.95                   |                   | 554,047.82          |
| Income from participations                                              | -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          |
| <b>Earnings before taxes</b>                                            | <b>7,856,760.32</b>     | <b>-1,000,219.23</b>       | <b>-36,829.63</b> | <b>6,819,711.46</b> |
| Taxes on income and earnings                                            | 1,671,325.49            | 407,128.40                 |                   | 2,078,453.89        |
| <b>Net income/net loss</b>                                              | <b>6,185,434.83</b>     | <b>-1,407,347.63</b>       | <b>-36,829.63</b> | <b>4,741,257.57</b> |

Explanations of the Consolidated Balance Sheet  
and Consolidated Income Statement

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

|                                                             | Continued<br>operations | Discontinued<br>operations | Total company |
|-------------------------------------------------------------|-------------------------|----------------------------|---------------|
| € thsd.                                                     | 2010                    | 2010                       | 2010          |
| Cash flows from operating activities                        | 6,725                   | 588                        | 7,313         |
| Cash flows from investing activities                        | -13,331                 | -1,317                     | -14,648       |
| Cash flows from financing activities                        | -2,633                  | –                          | -2,633        |
| <b>Change in cash funds from cash-relevant transactions</b> | <b>-9,239</b>           | <b>-729</b>                | <b>-9,968</b> |
| Cash funds at the beginning of the period                   | 35,472                  | 729                        | 36,201        |
| <b>Cash funds at the end of the period</b>                  | <b>26,233</b>           | <b>–</b>                   | <b>26,233</b> |

|                                                             | Continued<br>operations | Discontinued<br>operations | Total company |
|-------------------------------------------------------------|-------------------------|----------------------------|---------------|
| € thsd.                                                     | 2009                    | 2009                       | 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        |
| <b>Change in cash funds from cash-relevant transactions</b> | <b>4,957</b>            | <b>-1,771</b>              | <b>3,186</b>  |
| Cash funds at the beginning of the period                   | 30,515                  | 2,500                      | 33,015        |
| <b>Cash funds at the end of the period</b>                  | <b>35,472</b>           | <b>729</b>                 | <b>36,201</b> |

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, including goodwill, of the GFT Group is presented on the following pages.

## CONSOLIDATED FIXED ASSETS 2010

GFT Technologies Aktiengesellschaft, Stuttgart

| Acquisition or production costs                             |                      |                      |                     |                                           |                     |                      |
|-------------------------------------------------------------|----------------------|----------------------|---------------------|-------------------------------------------|---------------------|----------------------|
| As at                                                       |                      |                      |                     |                                           |                     |                      |
| €                                                           | 01.01.2010           | Additions            | Disposals           | Disposal<br>of discontinued<br>operations | Currency<br>changes | 31.12.2010           |
| <b>Intangible assets</b>                                    |                      |                      |                     |                                           |                     |                      |
| Intangible assets in use                                    | 3,856,933.74         | 239,795.20           | 1,589,856.03        | 6,250.00                                  | 58,429.83           | 2,559,052.74         |
| Prepaid expenses                                            | 0.00                 | 76,587.45            | 0.00                | 0.00                                      | 0.00                | 76,587.45            |
| Licences, industrial property rights<br>and similar rights  | 3,856,933.74         | 316,382.65           | 1,589,856.03        | 6,250.00                                  | 58,429.83           | 2,635,640.19         |
| Goodwill                                                    | 20,365,010.57        | 2,535.50             | 0.00                | 0.00                                      | 0.00                | 20,367,546.07        |
|                                                             | <b>24,221,944.31</b> | <b>318,918.15</b>    | <b>1,589,856.03</b> | <b>6,250.00</b>                           | <b>58,429.83</b>    | <b>23,003,186.26</b> |
| <b>Tangible assets</b>                                      |                      |                      |                     |                                           |                     |                      |
| Other equipment, office and<br>factory equipment            | 8,078,463.71         | 1,404,273.10         | 80,681.31           | 4,210.00                                  | 133,710.01          | 9,531,555.51         |
| Construction on foreign property                            | 250,439.05           | 7,175.00             | 0.00                | 0.00                                      | 0.00                | 257,614.05           |
|                                                             | <b>8,328,902.76</b>  | <b>1,411,448.10</b>  | <b>80,681.31</b>    | <b>4,210.00</b>                           | <b>133,710.01</b>   | <b>9,789,169.56</b>  |
| <b>Financial assets</b>                                     |                      |                      |                     |                                           |                     |                      |
| Securities                                                  | 0.00                 | 12,846,545.01        | 0.00                | 0.00                                      | 0.00                | 12,846,545.01        |
| Financial assets reported<br>according to the equity method | 36,165.05            | 14,883.75            | 7,039.85            | 0.00                                      | 0.00                | 44,008.95            |
| Investments                                                 | 1,209,503.00         | 0.00                 | 0.00                | 0.00                                      | 0.00                | 1,209,503.00         |
|                                                             | <b>1,245,668.05</b>  | <b>12,861,428.76</b> | <b>7,039.85</b>     | <b>0.00</b>                               | <b>0.00</b>         | <b>14,100,056.96</b> |
|                                                             | <b>33,796,515.12</b> | <b>14,591,795.01</b> | <b>1,677,577.19</b> | <b>10,460.00</b>                          | <b>192,139.84</b>   | <b>46,892,412.78</b> |

Explanations of the Consolidated Balance Sheet  
and Consolidated Income Statement

| Depreciation         |                                                       |                                                           |                     |                                           |                     | Book values          |                      |                      |
|----------------------|-------------------------------------------------------|-----------------------------------------------------------|---------------------|-------------------------------------------|---------------------|----------------------|----------------------|----------------------|
| As at                |                                                       |                                                           |                     |                                           |                     | As at                | As at                | As at                |
| 01.01.2010           | Depreciation<br>of the<br>financial year<br>scheduled | Depreciation<br>of the<br>financial year<br>non-scheduled | Disposals           | Disposal<br>of discontinued<br>operations | Currency<br>changes | 31.12.2010           | 31.12.2010           | 31.12.2009           |
| 3,492,398.21         | 245,354.28                                            | 0.00                                                      | 1,589,856.03        | 2,362.00                                  | 58,125.70           | 2,203,660.16         | 355,392.58           | 364,535.53           |
| 0.00                 | 0.00                                                  | 0.00                                                      | 0.00                | 0.00                                      | 0.00                | 0.00                 | 76,587.45            | 0.00                 |
| 3,492,398.21         | 245,354.28                                            | 0.00                                                      | 1,589,856.03        | 2,362.00                                  | 58,125.70           | 2,203,660.16         | 431,980.03           | 364,535.53           |
| 0.00                 | 0.00                                                  | 0.00                                                      | 0.00                | 0.00                                      | 0.00                | 0.00                 | 20,367,546.07        | 20,365,010.57        |
| <b>3,492,398.21</b>  | <b>245,354.28</b>                                     | <b>0.00</b>                                               | <b>1,589,856.03</b> | <b>2,362.00</b>                           | <b>58,125.70</b>    | <b>2,203,660.16</b>  | <b>20,799,526.10</b> | <b>20,729,546.10</b> |
| 6,033,771.82         | 898,040.88                                            | 0.00                                                      | 80,681.31           | 14,504.00                                 | 93,005.60           | 6,929,632.99         | 2,601,922.52         | 2,044,691.89         |
| 103,662.79           | 49,585.59                                             | 0.00                                                      | 0.00                | 0.00                                      | 0.00                | 153,248.38           | 104,365.67           | 146,776.26           |
| <b>6,137,434.61</b>  | <b>947,626.47</b>                                     | <b>0.00</b>                                               | <b>80,681.31</b>    | <b>14,504.00</b>                          | <b>93,005.60</b>    | <b>7,082,881.37</b>  | <b>2,706,288.19</b>  | <b>2,191,468.15</b>  |
| 0.00                 | 144,273.77                                            | 0.00                                                      | 0.00                | 0.00                                      | 0.00                | 144,273.77           | 12,702,271.24        | 0.00                 |
| 0.00                 | 0.00                                                  | 0.00                                                      | 0.00                | 0.00                                      | 0.00                | 0.00                 | 44,008.95            | 36,165.05            |
| 1,209,503.00         | 0.00                                                  | 0.00                                                      | 0.00                | 0.00                                      | 0.00                | 1,209,503.00         | 0.00                 | 0.00                 |
| <b>1,209,503.00</b>  | <b>144,273.77</b>                                     | <b>0.00</b>                                               | <b>0.00</b>         | <b>0.00</b>                               | <b>0.00</b>         | <b>1,353,776.77</b>  | <b>12,746,280.19</b> | <b>36,165.05</b>     |
| <b>10,839,335.82</b> | <b>1,337,254.52</b>                                   | <b>0.00</b>                                               | <b>1,670,537.34</b> | <b>16,866.00</b>                          | <b>151,131.30</b>   | <b>10,640,318.30</b> | <b>36,252,094.48</b> | <b>22,957,179.30</b> |

## CONSOLIDATED FIXED ASSETS 2009

GFT Technologies Aktiengesellschaft, Stuttgart

| Acquisition or production costs                             |                      |                   |                     |                                                      |                     |                      |
|-------------------------------------------------------------|----------------------|-------------------|---------------------|------------------------------------------------------|---------------------|----------------------|
|                                                             | As at                |                   |                     |                                                      |                     | As at                |
| €                                                           | 01.01.2009           | Additions         | Disposals           | Reclassification<br>as available-for-<br>sale assets | Currency<br>changes | 31.12.2009           |
| <b>Intangible assets</b>                                    |                      |                   |                     |                                                      |                     |                      |
| Licences, industrial property rights<br>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        |
|                                                             | <b>26,462,628.89</b> | <b>143,646.71</b> | <b>2,089,228.05</b> | <b>301,823.31</b>                                    | <b>6,720.07</b>     | <b>24,221,944.31</b> |
| <b>Tangible assets</b>                                      |                      |                   |                     |                                                      |                     |                      |
| Other equipment, office and<br>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           |
|                                                             | <b>14,373,305.88</b> | <b>611,969.12</b> | <b>6,219,578.07</b> | <b>506,396.79</b>                                    | <b>69,602.62</b>    | <b>8,328,902.76</b>  |
| <b>Financial assets</b>                                     |                      |                   |                     |                                                      |                     |                      |
| Financial assets reported<br>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         |
|                                                             | <b>1,249,599.56</b>  | <b>0.00</b>       | <b>3,931.51</b>     | <b>0.00</b>                                          | <b>0.00</b>         | <b>1,245,668.05</b>  |
|                                                             | <b>42,085,534.33</b> | <b>755,615.83</b> | <b>8,312,737.63</b> | <b>808,220.10</b>                                    | <b>76,322.69</b>    | <b>33,796,515.12</b> |

Explanations of the Consolidated Balance Sheet  
and Consolidated Income Statement

| Depreciation         |                                                       |                                                           |                     |                                                      |                     | Book values          |                      |                      |
|----------------------|-------------------------------------------------------|-----------------------------------------------------------|---------------------|------------------------------------------------------|---------------------|----------------------|----------------------|----------------------|
| As at                |                                                       |                                                           |                     |                                                      |                     | As at                | As at                | As at                |
| 01.01.2009           | Depreciation<br>of the<br>financial year<br>scheduled | Depreciation<br>of the<br>financial year<br>non-scheduled | Disposals           | Reclassification<br>as available-for-<br>sale assets | Currency<br>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        |
| <b>5,620,772.84</b>  | <b>251,658.11</b>                                     | <b>0.00</b>                                               | <b>2,089,228.05</b> | <b>297,537.31</b>                                    | <b>6,732.62</b>     | <b>3,492,398.21</b>  | <b>20,729,546.10</b> | <b>20,841,856.05</b> |
| 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           |
| <b>11,747,151.65</b> | <b>1,026,470.88</b>                                   | <b>0.00</b>                                               | <b>6,191,207.23</b> | <b>445,295.79</b>                                    | <b>315.10</b>       | <b>6,137,434.61</b>  | <b>2,191,468.15</b>  | <b>2,626,154.23</b>  |
| 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                 |
| <b>1,209,503.00</b>  | <b>0.00</b>                                           | <b>0.00</b>                                               | <b>0.00</b>         | <b>0.00</b>                                          | <b>0.00</b>         | <b>1,209,503.00</b>  | <b>36,165.05</b>     | <b>40,096.56</b>     |
| <b>18,577,427.49</b> | <b>1,278,128.99</b>                                   | <b>0.00</b>                                               | <b>8,280,435.28</b> | <b>742,833.10</b>                                    | <b>7,047.72</b>     | <b>10,839,335.82</b> | <b>22,957,179.30</b> | <b>23,508,106.84</b> |

Goodwill is no longer subject to scheduled amortisation but is tested once a year for impairment in accordance with IAS 36. The impairment test of goodwill was performed on the basis of the future anticipated cash flow as derived from planning. Planning is based on the approved budget for the upcoming 2011 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 8.5% (previous year: 9.0%) 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 existing and new client business can be increased by 8% in 2011 and 2012 and thereafter maintained at a high level. The strongest growth is expected in the UK, US and Brazilian markets. For the cash-generating segment »Resourcing«, management assumes growth of 15% for existing and new client business in 2011 and double-digit growth in 2012. 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.                               | 31.12.2010    | 31.12.2009    |
|---------------------------------------|---------------|---------------|
| <b>Cash-generating units</b>          |               |               |
| Services – Finance & Insurance        | 14,339        | 14,336        |
| Services – Postal, Logistics & Others | –             | –             |
| Resourcing                            | 6,029         | 6,029         |
| Software                              | n/a           | –             |
|                                       | <b>20,368</b> | <b>20,365</b> |

Due to the results of the impairment test in financial year 2010 (as in the previous year) non-scheduled amortisation of goodwill was not undertaken.

The changes in reported goodwill during the financial year were as follows:

| € thsd.                                                                                                     | 2010          |
|-------------------------------------------------------------------------------------------------------------|---------------|
| Carrying value = gross amount 1 January 2010                                                                | 20,365        |
| Addition from acquisition of GFT Innovations GmbH, Stuttgart (formerly Platin 569. GmbH, Frankfurt am Main) | 3             |
| <b>Carrying value = gross amount 31 December 2010</b>                                                       | <b>20,368</b> |

Details on the acquisition of GFT Innovations GmbH, Stuttgart (business combination) are provided under point 22 of the Notes to the Consolidated Financial Statements.

Intangible assets reported under licenses, industrial property rights and similar rights relate to software acquired for consideration (€432 thousand; prior year €365 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.

## 2 Tangible assets

The development of tangible assets of the GFT Group is presented on pages 90 to 93.

As in the previous year, non-scheduled depreciation on property, plant and equipment due to impairment was not necessary in the financial year 2010.

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.

## 3 Financial assets

### Securities

The securities held by the GFT Group as at 31 December 2010 and disclosed under non-current assets are mainly intended to be held until maturity and are used for interest rate optimisation. They consist of interest-bearing debt instruments and are broken down as follows:

| € thsd.                                                | 31.12.2010    | 31.12.2009 |
|--------------------------------------------------------|---------------|------------|
| <b>Category in accordance with IAS 39</b>              |               |            |
| Held-to-maturity financial investments                 | 12,590        | –          |
| Financial assets at fair value through profit and loss | 112           | –          |
|                                                        | <b>12,702</b> | <b>–</b>   |

»Held-to-maturity« securities were measured at amortised cost and led to expenses in the income statement of financial year 2010 of €141 thousand (previous year: €0 thousand).

The measurement of securities »measured at fair value through profit or loss« led to income recognised in the income statement of €1 thousand in financial year 2010 (previous year: €0 thousand).

The inventory of securities as at 31 December 2010 consists solely of debt issues with good credit standing. At least on every balance sheet date, GFT determines whether there are objective indications that an impairment of securities is present. As at 31 December 2010, there were no factors for impairment.

### Investments at equity

Investments at equity (shares in associated companies), as well as the profit from shares in associated companies recognised on 31 December 2010, concern the shares in eQuadriga Software Private Limited, Trichy, India (30.0%; previous year: 30.0%) as well as the shares in Youdress GmbH, Stuttgart (50.0%; previous year: n/a).

On 29 February 2008, 70.0% of the shares in eQuadriga Software Private Limited (formerly 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 2010 occurs according to the equity method (as in the previous year).

On 13 August 2010, GFT AG sold 50.0% of shares in Youdress GmbH, Stuttgart (formerly GFT Business Development GmbH, Eschborn). Due to the significant interest of GFT AG in the company since 13 August 2010, the former subsidiary has been carried as an associated company since 13 August 2010.

Shares in Youdress GmbH held as at 31 December 2010 were recognised according to the equity method.

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 policies, 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 companies, which formed the basis for equity measurement in the Group:

| € thsd.                                               | 2010 | 2009 |
|-------------------------------------------------------|------|------|
| <b>eQuadriga Software Private Limited:</b>            |      |      |
| <b>Disclosures to the balance sheet (31 December)</b> |      |      |
| Assets                                                | 132  | 115  |
| Equity                                                | 113  | 108  |
| Liabilities                                           | 19   | 7    |
| <b>Disclosures to the income statement</b>            |      |      |
| Revenue                                               | 378  | 323  |
| Profit/loss for the year                              | 3    | -13  |

| € thsd.                                               | 2010 | 2009 |
|-------------------------------------------------------|------|------|
| <b>Youdress GmbH:</b>                                 |      |      |
| <b>Disclosures to the balance sheet (31 December)</b> |      |      |
| Assets                                                | 97   | n/a  |
| Equity                                                | 0    | n/a  |
| Liabilities                                           | 97   | n/a  |
| <b>Disclosures to the income statement</b>            |      |      |
| Revenue                                               | 0    | n/a  |
| Profit/loss for the year                              | -14  | n/a  |

## 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%). Due to impairment, 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.

## 4

## Investment holdings

As at 31 December 2010 GFT AG holds direct and indirect shares of at least 20% in the following companies:

| Name                                                    | Location                        | Share of the capital |     | Equity<br>31.12.2010 |     | Results for<br>the business year<br>2010 |
|---------------------------------------------------------|---------------------------------|----------------------|-----|----------------------|-----|------------------------------------------|
| <b>Direct investments</b>                               |                                 |                      |     |                      |     |                                          |
| GFT Technologies (Schweiz) AG                           | Opfikon, Switzerland            | 99%                  | CHF | 2,933,328.54         | CHF | 1,756,542.17                             |
| GFT UK Limited                                          | London, UK                      | 100%                 | EUR | 1,578,606.23         | EUR | 2,947,619.49                             |
| GFT Iberia Holding, S.A.U.                              | Sant Cugat del Vallès,<br>Spain | 100%                 | EUR | 5,969,084.70         | EUR | 3,105,671.25                             |
| GFT Resource Management GmbH                            | Eschborn, Germany               | 100%                 | EUR | 1,788,996.03         | EUR | 0.00 <sup>1</sup>                        |
| GFT Technologies SARL                                   | Neuilly-sur-Seine, France       | 100%                 | EUR | 2,423,451.27         | EUR | 529,027.23                               |
| Youdress GmbH<br>(former GFT Business Development GmbH) | Stuttgart, Germany              | 50%                  | EUR | 89.87                | EUR | -14,440.10                               |
| GFT Holding France SARL                                 | Neuilly-sur-Seine, France       | 100%                 | EUR | 1,240.00             | EUR | 0.00                                     |
| eQuadriga Software Private Limited                      | Trichy, India                   | 30%                  | INR | 6,811,567.00         | INR | 174,705.00                               |
| GFT Innovations GmbH                                    | Stuttgart, Germany              | 100%                 | EUR | 25,000.00            | EUR | 0.00                                     |
| <b>Indirect investments</b>                             |                                 |                      |     |                      |     |                                          |
| GFT IT Consulting, S.L.U.                               | Sant Cugat del Vallès,<br>Spain | 100%                 | EUR | 7,381,288.77         | EUR | 3,116,187.81                             |
| GFT Brasil Consultoria Informática Ltda.                | São Paulo, Brazil               | 100%                 | BRL | 1,031,532.42         | BRL | 134,130.81                               |
| GFT USA, Inc.                                           | New York, USA                   | 100%                 | USD | 214,506.29           | USD | 348,983.43                               |
| emagine gmbh                                            | Eschborn, Germany               | 100%                 | EUR | 42,444.55            | EUR | 2,187.17                                 |
| GFT Flexwork GmbH                                       | Stuttgart, Germany              | 100%                 | EUR | 375,000.00           | EUR | 0.00 <sup>2</sup>                        |

<sup>1</sup> There is an agreement for the transfer of profits between GFT Resource Management GmbH (profit-transferring company) and GFT Technologies AG.

<sup>2</sup> 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 2010.

## 5 Inventories and trade receivables

Trade receivables result from ongoing 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 €310 thousand (previous year: €358 thousand). Trade receivables, in accordance with IAS 11, include realised revenue from unfinished projects as at the balance sheet date in the amount of €12,638 thousand (previous

year: €11,923 thousand) minus prepayments received in the amount of €8,848 thousand (previous year: €8,567 thousand).

The cumulative value adjustments on trade receivables developed as follows:

| € thsd.                                 | 2010       | 2009       |
|-----------------------------------------|------------|------------|
| As at 1 January                         | 358        | 910        |
| Transfers                               | 72         | 89         |
| Drawings                                | –          | -544       |
| Write-backs                             | -105       | -90        |
| Changes due to deconsolidation          | -18        | –          |
| Exchange rate effects and other changes | 3          | -7         |
| <b>As at 31 December</b>                | <b>310</b> | <b>358</b> |

A breakdown of the development of value adjustments in 2010 into continued and discontinued operations is shown in the table below:

| € thsd.                                 | Continued<br>operations | Discontinued<br>operations |
|-----------------------------------------|-------------------------|----------------------------|
| As at 1 January                         | 312                     | 46                         |
| Transfers                               | 69                      | 3                          |
| Write-backs                             | -74                     | -31                        |
| Exchange rate effects and other changes | 3                       | –                          |
| <b>As at 31 December</b>                | <b>310</b>              | <b>18</b>                  |

## 6 Other assets

Other assets can be broken down as follows:

| € thsd.                                                          | 31.12.2010   | 31.12.2009   |
|------------------------------------------------------------------|--------------|--------------|
| <i>Continued operations</i>                                      |              |              |
| <b>Non-current assets</b>                                        |              |              |
| Deposits                                                         | 405          | 349          |
|                                                                  | <b>405</b>   | <b>349</b>   |
| <b>Other current financial assets</b>                            |              |              |
| Other claims                                                     | 1,300        | –            |
| Deferred interest                                                | 328          | 126          |
| Deposits                                                         | 109          | 92           |
| Receivables from related parties                                 | 79           | –            |
| Receivables from employees                                       | 51           | 60           |
| Creditors with debit balance                                     | 20           | 13           |
| Derivative financial instrument (interest swap)                  | –            | 29           |
| Receivable from purchase price for GFT Technologies GmbH, Vienna | –            | 7            |
| Others                                                           | 21           | 32           |
|                                                                  | <b>1,908</b> | <b>359</b>   |
| <b>Other current assets</b>                                      |              |              |
| Claims for VAT and other tax refunds                             | 1,536        | 1,079        |
| Accruals                                                         | 268          | 364          |
| Receivables from social security fund                            | 15           | 81           |
| Others                                                           | –            | 3            |
|                                                                  | <b>1,819</b> | <b>1,527</b> |
| <b>Total current</b>                                             | <b>3,727</b> | <b>1,886</b> |
| <b>Total continued operations</b>                                | <b>4,132</b> | <b>2,235</b> |
| <i>Discontinued operations</i>                                   | –            | 147          |
| <b>Total company</b>                                             | <b>4,132</b> | <b>2,382</b> |

## 7 Securities as well as cash and cash equivalents

As at 31 December 2010, GFT Group securities disclosed under current assets are used for contingency capital insurance and interest rate opti-

misation and consist of fixed and variable interest rate debt instruments. They are broken down as follows:

| € thsd.                                                | 31.12.2010   | 31.12.2009   |
|--------------------------------------------------------|--------------|--------------|
| <b>Category in accordance with IAS 39</b>              |              |              |
| <i>Continued operations:</i>                           |              |              |
| Financial assets at fair value through profit and loss | 510          | 471          |
| Financial assets available for sale                    | 874          | 1,765        |
|                                                        | <b>1,384</b> | <b>2,236</b> |
| <i>Discontinued operations:</i>                        |              |              |
| Financial assets at fair value through profit and loss | –            | 360          |
| <b>Total company</b>                                   | <b>1,384</b> | <b>2,595</b> |

The rating of the securities »measured at fair value through profit or loss« led to income for the total company in 2010 in the income statement of €40 thousand (previous year: €103 thousand) and to expenses of €0 thousand (previous year: €4 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 and to expenses of €0.

In financial year 2010 as well as in financial year 2009, no securities from the category »measured at fair value through profit or loss« were bought or sold (cf. point VII).

The amendment of the fair value of the securities »available for sale« led, as at 31 December 2010, to a lower negative »reserve for the market assessment for securities« in equity of in total €253 thousand (previous year: a lower negative reserve of €320 thousand).

Due to the sale of »available for sale« assets in financial year 2010, income previously recognised in equity of €295 thousand (previous year: €0 thousand) was recognised in the income statement. The »reserve for the market assessment for securities« amounted to €-428 thousand minus deferred tax assets of €0 thousand (previous year: €-385 thousand minus deferred tax assets of €-25 thousand) as at 31 December 2010.

As in the previous year, the inventory of securities as at 31 December 2010 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.

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. As in the previous year, there were no factors for impairment as of 31 December 2010.

Cash and cash equivalents of the total company include cash (€3 thousand; previous year: €4 thousand) and short-term liquid credit at banks (€26,230 thousand; previous year: €36,197 thousand). Cash and cash equivalents of the continued operations include cash of €3 thousand (previous year: €3 thousand) and short-term liquid credit balances at banks of €26,230 thousand (previous year: €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 2010 and 2009.

As at 31 December 2010 share capital in the amount of €26,325,946.00 consisted of 26,325.946 no-par bearer shares (unchanged from 31 December 2009) 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 2010 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 2010, €1,700 thousand was transferred to other revenue reserves pursuant to Section 58 (2) German Companies Act (AktG) at the expense of the consolidated balance sheet loss (previous year: €1,700 thousand).

In the financial year 2010, a dividend of €0.10 per share was distributed to shareholders, totalling €2,633 thousand (previous year: €0.10 per share, totalling €2,633 thousand), from the balance sheet profit of the parent company GFT AG.

It is proposed to distribute a dividend of €0.15 per share to shareholders, totalling €3,949 thousand (previous year: €0.10 per share, totalling €2,633 thousand) from the balance sheet profit of GFT AG as at 31 December 2010.

### Authorised capital

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

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

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

As at 31 December 2010, 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 2010 (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 2010 for contribution-oriented plans to public and private pensions regulatory authority of €6,253 thousand (previous year: €5,591 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 former 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 2010 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 31 active insured parties and one pension recipient as at 31 December 2010 (previous year: 29 active insured parties and one pension recipient).

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

|                                             | 31.12.2010 | 31.12.2009 |
|---------------------------------------------|------------|------------|
| Discount rate (Germany)                     | 4.9%       | 5.5%       |
| Discount rate (Switzerland)                 | 3.0%       | 3.5%       |
| Expected increase in pensions (Germany)     | 2.0%       | 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              | 0.5%; 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 (2010) and the four preceding years can be taken from the following table:

| € thsd.                                         | 31.12.2010   | 31.12.2009 | 31.12.2008 | 31.12.2007 | 31.12.2006 |
|-------------------------------------------------|--------------|------------|------------|------------|------------|
| Present value of obligations for rights accrued | 3,770        | 2,410      | 2,692      | 761        | 865        |
| Plan assets at fair value                       | -2,625       | -1,855     | -1,798     | –          | –          |
| <b>Net obligation</b>                           | <b>1,145</b> | <b>555</b> | <b>894</b> | <b>761</b> | <b>865</b> |

Explanations of the Consolidated Balance Sheet  
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Of the present value for rights accrued, €3,315 thousand (previous year: €2,023 thousand) refer to pension plans that are financed completely or partially through plan assets, and €455 thousand (previous year: €387 thousand) to pension plans that are not financed by plan assets.

The experience adjustments to the liabilities of the plans came to €56 thousand (previous year: €19 thousand) in financial year 2010; the experience adjustments to the plan assets came to €51 thousand (previous year: €30 thousand).

| € thsd.                                                                                                 | 2010         | 2009         |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Change in present value of defined benefits</b>                                                      |              |              |
| Present value of defined benefits 1 January                                                             | 2,410        | 2,692        |
| Addition of performance-oriented plans GFT AG                                                           | 409          | –            |
| Service cost for the period                                                                             | 262          | 240          |
| Interest expense                                                                                        | 97           | 113          |
| Actuarial gains (-)/losses (+)                                                                          | 311          | 136          |
| Pension payments                                                                                        | -151         | -259         |
| Currency differences                                                                                    | 432          | –            |
| Reclassification as debt in direct connection with non-current assets and disposal groups held for sale | –            | -512         |
| Defined benefits present value 31 December                                                              | <b>3,770</b> | <b>2,410</b> |
| Fair value of plan assets 31 December to be enclosed                                                    | -2,625       | -1,855       |
| <b>Net amount recognised</b>                                                                            | <b>1,145</b> | <b>555</b>   |
| Adjustment due to non-realised actuarial gains (+)/losses (-)                                           | -493         | -98          |
| <b>Pension provisions</b>                                                                               | <b>652</b>   | <b>457</b>   |

Additions to performance-oriented plans of GFT AG amounting to €409 thousand refer to a commitment disclosed in the previous year under debt in direct connection with non-current assets and disposal groups held for sale. The commitment was transferred to GFT AG on 30 April 2010. We refer to point VII of the Notes to the Consolidated Financial Statements (discontinued operations). As at 31 December 2009, the pension provision of discontinued operations for this commitment amounted to €483 thousand (net commitment €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 the higher of 10% of the cash value of the performance-oriented liability and 10% of the plan asset's fair value.

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

| € thsd.                                            | 2010         | 2009         |
|----------------------------------------------------|--------------|--------------|
| <b>Change in the fair value of the plan assets</b> |              |              |
| Fair value 1 January                               | 1,855        | 1,798        |
| Addition of plan assets GFT AG                     | 250          | –            |
| Expected return on plan assets                     | 70           | 63           |
| Actuarial gains (-)/losses (+)                     | -46          | -29          |
| Contributions by employer                          | 123          | 122          |
| Contributions by employees                         | 123          | 122          |
| Benefits paid                                      | -126         | -221         |
| Currency differences                               | 376          | 0            |
| <b>Fair value 31 December</b>                      | <b>2,625</b> | <b>1,855</b> |

Employer contributions to the plan assets in the amount of €130 thousand and employee contributions in the amount of €130 thousand are expected for the following year (2011).

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

| € thsd.                                      | 2010      | 2009      |
|----------------------------------------------|-----------|-----------|
| Expected return on plan assets               | 70        | 63        |
| Actuarial gain (-)/loss (+) from plan assets | -46       | -29       |
| <b>Actual return on plan assets</b>          | <b>24</b> | <b>34</b> |

Plan assets concern the BVG provisioning in Switzerland and an amount of €250 thousand in securities pledged to the pension recipient («Plan Assets GFT AG»).

Foundation for Compulsory Occupational Welfare Provisions, Basel. The expected income from plan assets of GFT AG results from interest and is insignificant.

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

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

| € thsd.                                        | 2010       | 2009       |
|------------------------------------------------|------------|------------|
| Service cost for the period                    | 262        | 240        |
| Interest expense                               | 97         | 113        |
| Expected revenue from plan assets              | -70        | -63        |
| Amortisation on actuarial gains (-)/losses (+) | 0          | -31        |
| <b>Pension expenses</b>                        | <b>289</b> | <b>259</b> |

The pension expenses are included in personnel expenses.

## 10 Income tax

The item income tax shown in the income statement includes:

| € thsd.                                             | 2010         | 2009         |
|-----------------------------------------------------|--------------|--------------|
| Current tax expense                                 | 2,494        | 1,233        |
| Deferred tax expense                                | 1,090        | 845          |
| <b>Tax expense (total company, see pages 87–88)</b> | <b>3,584</b> | <b>2,078</b> |

The current tax expense reported of €2,494 thousand (previous year: €1,233 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 for consolidated companies in the amount of €0 thousand (previous year: €24 thousand). Due to the use of previously non-deferred taxable loss carry-forwards (€477 thousand;

previous year: €2,223 thousand) current tax expense was reduced by €177 thousand (previous year: €574 thousand). The current tax expense includes out of period current tax proceeds of €109 thousand (previous year: €9 thousand).

The deferred income taxes were due to the following causes:

| € thsd.                          | 2010         | 2009       |
|----------------------------------|--------------|------------|
| From temporary differences       | 439          | 601        |
| From taxable loss carry-forwards | 651          | 244        |
| <b>Deferred tax expense</b>      | <b>1,090</b> | <b>845</b> |

The deferred tax expense includes a deferred tax expense due to depreciations of deferred tax assets of €102 thousand (previous year: €400 thousand). From assets credited directly to the other result, differed taxes of €-25 thousand (previous year: €22 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 (€25 thousand; previous year: €279 thousand).

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

| € thsd.                                                                           | 31.12.2010   | 31.12.2009   |
|-----------------------------------------------------------------------------------|--------------|--------------|
| <i>Continued operations</i>                                                       |              |              |
| Claims to deferred tax assets                                                     | 4,948        | 5,813        |
| Ongoing claim to income tax<br>(Assets from corporate tax according to § 37 KStG) | 585          | 656          |
| Short term assets from profits tax                                                | 244          | 205          |
|                                                                                   | <b>5,777</b> | <b>6,674</b> |
| <i>Discontinued operations</i>                                                    |              |              |
| Claims to deferred tax assets                                                     | –            | 280          |
| <b>Total company</b>                                                              | <b>5,777</b> | <b>6,954</b> |

| € thsd.                        | 31.12.2010   | 31.12.2009   |
|--------------------------------|--------------|--------------|
| <i>Continued operations</i>    |              |              |
| Deferred tax liabilities       | 469          | 601          |
| Current tax liabilities        | 1,286        | 1,170        |
|                                | <b>1,755</b> | <b>1,771</b> |
| <i>Discontinued operations</i> |              |              |
| Current tax liabilities        | –            | 2            |
| <b>Total company</b>           | <b>1,755</b> | <b>1,773</b> |

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

| € thsd.                                              | 31.12.2010   | 31.12.2009   |
|------------------------------------------------------|--------------|--------------|
| Taxable loss carry-forwards                          | 4,342        | 4,967        |
| Intangible assets and equipment                      | 198          | 629          |
| Other provisions                                     | 259          | 347          |
| Anniversary and other provisions for employees       | 58           | 101          |
| Provisions for pensions                              | 52           | 49           |
| Provisions for possible losses                       | 39           | –            |
| <b>Claims to deferred tax assets (total company)</b> | <b>4,948</b> | <b>6,093</b> |

| € thsd.                         | 31.12.2010 | 31.12.2009 |
|---------------------------------|------------|------------|
| Receivables                     | 403        | 568        |
| Holdings                        | 59         | –          |
| Tangible assets                 | 7          | –          |
| Securities                      | –          | 25         |
| Other financial assets          | –          | 8          |
| <b>Deferred tax liabilities</b> | <b>469</b> | <b>601</b> |

There are loss carry forwards for German Group companies amounting to €0 thousand (previous year: €8,704 thousand) for corporation tax/solidarity surcharge and loss carry forwards for trade tax of €0 thousand (previous year: €8,493 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 €0 thousand (previous year: €156 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.

No deferred tax assets were formed for cumulative carry forwards of tax losses of German Group companies amounting to €12 thousand (previous year: €12 thousand), as the condition for their usage, namely the termination of a tax pooling arrangement, had not been met as of the balance sheet date.

For deductible temporary differences of €0 thousand (previous year: €160 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 2010 exclusively affects GFT Technologies AG (€4,309 thousand; previous year: €4,600 thousand), GFT Technologies SARL (€0 thousand; previous year: €89 thousand) and GFT Technologies (Schweiz) AG (€33 thousand; previous year: €279 thousand). After GFT AG was able to use tax loss carry-forwards for the sixth consecutive year in the financial year 2010, 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.

Explanations of the Consolidated Balance Sheet  
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After GFT Technologies (Schweiz) AG was able to use tax loss carry forwards for the fourth consecutive year in financial year 2010, 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. 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% (previous year 28%) is presented as follows (each referring to the whole company, see point VII of the Notes to the Consolidated Financial Statements).

| € thsd.                                                                         | 2010          | 2009         |
|---------------------------------------------------------------------------------|---------------|--------------|
| <b>Earnings before income taxes</b>                                             | <b>11,358</b> | <b>6,820</b> |
| Expected tax expenses at 28.0% (previous year: 28.0%)                           | 3,180         | 1,910        |
| Addition of assets for payment of corporate tax according to section 37 KStG    | –             | -24          |
| Other non tax-deductible expenses and tax-free income                           | 391           | 670          |
| Current financial year losses which cannot be offset by tax assets              | 14            | 14           |
| Adjustment to tax claims                                                        | 102           | 400          |
| Retrospective application of deferred tax assets/use of tax loss carry forwards | -202          | -889         |
| Tax rate differences                                                            | 161           | -14          |
| Aperiodic effects (income tax for previous years)                               | -109          | -9           |
| Other tax effects                                                               | 47            | 20           |
| <b>Effective tax expense</b>                                                    | <b>3,584</b>  | <b>2,078</b> |
| Effective tax rate                                                              | 31.5%         | 30.5%        |

The tax expense of the discontinued operation amounts to €280 thousand for the loss from ordinary operations of the discontinued operation (previous year: tax income €407 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 €14,334 thousand (previous year: €13,894 thousand).

## 11 Other provisions

The other provisions show the following trend in the financial year 2010:

| € thsd.                                                           | 01.01.2010    |                |               |               |                                                     | 31.12.2010    |
|-------------------------------------------------------------------|---------------|----------------|---------------|---------------|-----------------------------------------------------|---------------|
|                                                                   | As at         | Consumption    | Liquidation   | Transfer      | Disposal<br>from change in<br>consolidated<br>group | As at         |
| Employee commissions/bonuses/<br>anniversaries/severance payments | 7,443         | -5,782         | -577          | 8,129         | -193                                                | 9,020         |
| Holiday obligations                                               | 1,732         | -1,728         | -4            | 1,891         | -56                                                 | 1,835         |
| Contributions to industry associations                            | 56            | -47            | –             | 65            | -12                                                 | 62            |
| <b>Provisions for personnel costs</b>                             | <b>9,231</b>  | <b>-7,557</b>  | <b>-581</b>   | <b>10,085</b> | <b>-261</b>                                         | <b>10,917</b> |
| Outstanding purchase invoices                                     | 2,851         | -2,414         | -136          | 3,830         | -64                                                 | 4,067         |
| Credits still to be awarded                                       | 731           | -243           | –             | 390           | –                                                   | 878           |
| Warranty                                                          | 354           | -45            | -244          | 107           | -12                                                 | 160           |
| Possible losses from projects                                     | 685           | -257           | -428          | 48            | –                                                   | 48            |
| Possible losses from rental agreements                            | 4             | -4             | –             | –             | –                                                   | –             |
| Other                                                             | 1,324         | -915           | -94           | 2,821         | -41                                                 | 3,095         |
| <b>Total company</b>                                              | <b>15,180</b> | <b>-11,435</b> | <b>-1,483</b> | <b>17,281</b> | <b>-378</b>                                         | <b>19,165</b> |

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.                                                               | 31.12.2010    | 31.12.2009    |
|-----------------------------------------------------------------------|---------------|---------------|
| <i>Continued operations</i>                                           |               |               |
| Other long-term provisions                                            |               |               |
| Provisions for employees/jubilees/compensation/<br>exemption salaries | 854           | 784           |
| Others                                                                | 116           | 96            |
|                                                                       | <b>970</b>    | <b>880</b>    |
| Other short-term provisions                                           | 18,195        | 13,568        |
| <b>Total other provisions of continued operations</b>                 | <b>19,165</b> | <b>14,448</b> |
| <i>Discontinued operations</i>                                        | –             | 732           |
| <b>Total company</b>                                                  | <b>19,165</b> | <b>15,180</b> |

The disposal from a change in the consolidated group concerns the sale of the discontinued operation and the sale of 50% of shares in GFT Business Development GmbH, Eschborn.

Other provisions contain provisions for disputes from work agreements. With regard to the required Notes to the Consolidated Financial Statements on this item, use has been made of the protection clause in IAS 37, as the situation of the company might otherwise be severely restricted.

## 12 Liabilities

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

| €                              | Remaining term                                |                                 | Total amount                                  | Thereof secured through liens and similar rights | Nature and form of the collateral    |
|--------------------------------|-----------------------------------------------|---------------------------------|-----------------------------------------------|--------------------------------------------------|--------------------------------------|
|                                | up to 1 year                                  | more than 5 years               | 31.12.2010                                    |                                                  |                                      |
| Trade liabilities              | 27,873,659.18<br>(p. y. €23,278 thsd.)        | 0.00<br>(p. y. €– thsd.)        | 27,873,659.18<br>(p. y. €23,278 thsd.)        |                                                  | Usual reservation of property rights |
| Deferred tax liabilities       | 0.00<br>(p. y. €– thsd.)                      | 0.00<br>(p. y. €– thsd.)        | 469,197.24<br>(p. y. €601 thsd.)              |                                                  |                                      |
| Current income tax liabilities | 1,285,617.34<br>(p. y. €1,170 thsd.)          | 0.00<br>(p. y. €– thsd.)        | 1,285,617.34<br>(p. y. €1,170 thsd.)          |                                                  |                                      |
| Other financial liabilities    | 1,280,467.48<br>(p. y. €1,082 thsd.)          | 0.00<br>(p. y. €– thsd.)        | 1,280,467.48<br>(p. y. €1,082 thsd.)          |                                                  |                                      |
| Other liabilities              | 6,581,357.25<br>(p. y. €4,918 thsd.)          | 0.00<br>(p. y. €– thsd.)        | 6,581,357.25<br>(p. y. €4,918 thsd.)          |                                                  |                                      |
|                                | <b>37,021,101.25</b><br>(p. y. €30,448 thsd.) | <b>0.00</b><br>(p. y. €– thsd.) | <b>37,490,298.49</b><br>(p. y. €31,049 thsd.) |                                                  |                                      |

There are trade liabilities of €0 thousand (previous year: €44 thousand) to companies with whom an equity interest exists as well as trade

liabilities to affiliated companies of €23 thousand (previous year: €20 thousand).

## 13 Other liabilities

Other liabilities are broken down as follows:

| € thsd.                                        | 31.12.2010   | 31.12.2009   |
|------------------------------------------------|--------------|--------------|
| <i>Continued operations:</i>                   |              |              |
| <b>Other current financial liabilities</b>     |              |              |
| Debitors with credit balances                  | 887          | 811          |
| Liabilities to employees                       | 221          | 111          |
| Other                                          | 172          | 160          |
|                                                | <b>1,280</b> | <b>1,082</b> |
| <b>Other current liabilities</b>               |              |              |
| Wage tax, VAT, and other tax liabilities       | 3,595        | 2,284        |
| Liabilities from social security contributions | 1,068        | 866          |
| Deferred credits to income                     | 1,050        | 806          |
| Advance payments on orders                     | 842          | 962          |
| Deferred interest for tax                      | 26           | –            |
| <b>Total current</b>                           | <b>6,581</b> | <b>4,918</b> |
| <b>Total continued operations</b>              | <b>7,861</b> | <b>6,000</b> |
| <i>Discontinued operations</i>                 | –            | 369          |
| <b>Total company</b>                           | <b>7,861</b> | <b>6,369</b> |

## 14

## Additional information on the Consolidated Statement of Comprehensive Income

Net income from continued operations and the net loss from discontinued operations are attributable in full to the shareholders of the parent company (2010 and 2009). With regard to the breakdown of the Consolidated Income Statement into continued and discontinued operations, please refer to point VII of the Notes to the Consolidated Financial Statements.

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

| €                                                      | 2010              |                  |                   | 2009              |                   |                   |
|--------------------------------------------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|                                                        | 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            | 253,050.00        | -57,820.00       | 195,230.00        | 319,500.00        | -21,840.00        | 297,660.00        |
| – Reclassification to the income statement             | -295,350.00       | 82,740.00        | -212,610.00       | 0.00              | 0.00              | 0.00              |
|                                                        | -42,300.00        | 24,920.00        | -17,380.00        | 319,500.00        | -21,840.00        | 297,660.00        |
| Exchange differences on translating foreign operations | 394,733.37        | 0.00             | 394,733.37        | 173,012.09        | 0.00              | 173,012.09        |
|                                                        | <b>352,433.37</b> | <b>24,920.00</b> | <b>377,353.37</b> | <b>492,512.09</b> | <b>-21,840.00</b> | <b>470,672.09</b> |

## 15

## Segment report

GFT has identified the three business divisions, *Services*, *Resourcing* and (until 14 May 2010) *Software* 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 mentioned 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 the mentioned business segments. The *Software* segment was sold in May 2010; we refer to the explanations on discontinued operations (point VII).

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. *Resourcing* includes the provision of freelance IT specialists. The *Software* segment involved in-house software product development, its sale, as well as the associated services.

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 table 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.

Explanations of the Consolidated Balance Sheet  
and Consolidated Income Statement

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

| € thsd.                              | 2010           | 2009           |
|--------------------------------------|----------------|----------------|
| Total segment revenue                | 268,326        | 235,808        |
| Elimination of inter-segment revenue | -18,993        | -14,382        |
| <b>Group revenue</b>                 | <b>249,333</b> | <b>221,426</b> |
| Total segment results (EBT)          | 12,121         | 7,957          |
| Non-attributed expenses of Group HQ  | -763           | -1,137         |
| <b>Group result before taxes</b>     | <b>11,358</b>  | <b>6,820</b>   |

| € thsd.                                | 31.12.2010     | 31.12.2009     |
|----------------------------------------|----------------|----------------|
| Total segment assets                   | 108,624        | 103,754        |
| Non-attributed assets of Group HQ      | 91             | 77             |
| Securities                             | 14,086         | 2,596          |
| Assets from income taxes               | 5,777          | 6,954          |
| <b>Group assets</b>                    | <b>128,578</b> | <b>113,381</b> |
| Total segment liabilities              | 55,134         | 45,440         |
| Non-attributed liabilities of Group HQ | 419            | 416            |
| Liabilities from income taxes          | 1,755          | 1,773          |
| <b>Group liabilities</b>               | <b>57,308</b>  | <b>47,629</b>  |

## SEGMENT REPORT

GFT Technologies Aktiengesellschaft, Stuttgart

|                                                                                      | <i>Services</i> |               | <i>Software</i> |               |
|--------------------------------------------------------------------------------------|-----------------|---------------|-----------------|---------------|
| € thsd.                                                                              | 31.12.2010      | 31.12.2009    | 31.12.2010      | 31.12.2009    |
| External sales                                                                       | 116,466         | 91,353        | 1,101           | 4,619         |
| Inter-segment sales                                                                  | 9               | 25            | 32              | 823           |
| <b>Total revenues</b>                                                                | <b>116,475</b>  | <b>91,378</b> | <b>1,133</b>    | <b>5,442</b>  |
| Depreciation                                                                         | -1,018          | -1,033        | -17             | -71           |
| Non-cash income/expenditure other than depreciation                                  | 47              | 61            | -254            | 0             |
| Interest income                                                                      | 150             | 261           | 0               | 5             |
| Interest expenses                                                                    | -100            | -78           | 0               | 0             |
| Share of net profits of associated companies reported according to the equity method | -6              | -4            | 0               | 0             |
| <b>Segment result (EBT)</b>                                                          | <b>9,403</b>    | <b>6,210</b>  | <b>-267</b>     | <b>-1,000</b> |
| Segment assets                                                                       | 65,638          | 68,058        | 0               | 1,408         |
| Investment in associates reported according to the equity method                     | 44              | 36            | 0               | 0             |
| Investment in non-current intangible and tangible assets                             | 1,464           | 661           | 10              | 32            |
| Segment liabilities                                                                  | 22,294          | 18,723        | 0               | 1,673         |

Explanations of the Consolidated Balance Sheet  
and Consolidated Income Statement

| <i>Resourcing</i> |                   | <i>Total</i>      |                   | <i>Eliminations</i> |                   | <i>Consolidated</i> |                   |
|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| <b>31.12.2010</b> | <b>31.12.2009</b> | <b>31.12.2010</b> | <b>31.12.2009</b> | <b>31.12.2010</b>   | <b>31.12.2009</b> | <b>31.12.2010</b>   | <b>31.12.2009</b> |
| 131,766           | 125,454           | 249,333           | 221,426           | 0                   | 0                 | 249,333             | 221,426           |
| 18,952            | 13,534            | 18,993            | 14,382            | -18,993             | -14,382           | 0                   | 0                 |
| <b>150,718</b>    | <b>138,988</b>    | <b>268,326</b>    | <b>235,808</b>    | <b>-18,993</b>      | <b>-14,382</b>    | <b>249,333</b>      | <b>221,426</b>    |
| -122              | -135              | -1,157            | -1,239            | -36                 | -39               | -1,193              | -1,278            |
| 0                 | 0                 | -207              | 61                | -104                | 99                | -311                | 160               |
| 15                | 11                | 165               | 277               | 569                 | 277               | 734                 | 554               |
| -105              | -118              | -205              | -196              | 148                 | 172               | -57                 | -24               |
| 0                 | 0                 | -6                | -4                | 0                   | 0                 | -6                  | -4                |
| <b>2,985</b>      | <b>2,747</b>      | <b>12,121</b>     | <b>7,957</b>      | <b>-763</b>         | <b>-1,137</b>     | <b>11,358</b>       | <b>6,820</b>      |
| 42,986            | 34,288            | 108,624           | 103,754           | 19,954              | 9,627             | 128,578             | 113,381           |
| 0                 | 0                 | 44                | 36                | 0                   | 0                 | 44                  | 36                |
| 204               | 39                | 1,678             | 732               | 52                  | 24                | 1,730               | 756               |
| 30,840            | 25,044            | 55,134            | 45,440            | 2,174               | 2,189             | 57,308              | 47,629            |

The reconciliation discloses items which per definition are not components of the segments. In addition, non-attributed items of Group HQ, 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 <sup>1</sup> |              | Non-current intangible and tangible assets |             |
|---------------------------|-----------------------------------------------------|--------------|--------------------------------------------|-------------|
| € million                 | 2010                                                | 2009         | 31.12.2010                                 | 31.12.2009  |
| Germany                   | 139.0                                               | 141.4        | 21.8                                       | 21.7        |
| UK                        | 38.6                                                | 23.9         | 0.2                                        | 0.2         |
| France                    | 23.2                                                | 17.5         | 0.1                                        | 0.1         |
| Spain                     | 22.8                                                | 15.5         | 1.0                                        | 0.7         |
| Switzerland               | 7.1                                                 | 6.6          | 0.1                                        | 0.1         |
| USA                       | 6.6                                                 | 4.5          | 0.3                                        | 0.2         |
| Other foreign countries   | 12.0                                                | 12.0         | 0                                          | –           |
| <b>Total <sup>2</sup></b> | <b>249.3</b>                                        | <b>221.4</b> | <b>23.5</b>                                | <b>23.0</b> |

<sup>1</sup> Determined by client location

<sup>2</sup> Total company; we refer to point VII

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.  | 2010    | 2009   | 2010                                        | 2009                                 |
| Client 1 | 117,749 | 78,372 | Services,<br>Resourcing                     | Services,<br>Resourcing,<br>Software |

## 16

## Other operating income

These items include:

| € thsd.                                                                                                                       | 2010         | 2009         |
|-------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Reversals of provisions                                                                                                       | 1,454        | 772          |
| Income from exchange rate differences                                                                                         | 471          | 519          |
| Income from the disposal of securities<br>(incl. reclassification from the reserve for<br>the market valuation of securities) | 301          | –            |
| Project provisions expended                                                                                                   | 257          | –            |
| Benefits in kind – employee private motor vehicle use                                                                         | 237          | 242          |
| Income from arrears penalties                                                                                                 | 172          | –            |
| Out of period income                                                                                                          | 131          | 14           |
| Income from derecognition of liabilities                                                                                      | 89           | –            |
| Revenue from the lowering of value adjustments<br>and intakes on receivables written off                                      | 74           | 95           |
| Income from disposals and write-ups of securities                                                                             | 40           | 103          |
| Income from the disposal of consolidated companies                                                                            | 11           | –            |
| Insurance recoveries                                                                                                          | 6            | 17           |
| Rental income                                                                                                                 | 5            | 2            |
| Grants from private and public organisations                                                                                  | –            | 78           |
| Income from measurement at fair value<br>of derivatives (interest swap)                                                       | –            | 29           |
| Income from the disposal of fixed assets                                                                                      | –            | 14           |
| Others                                                                                                                        | 287          | 72           |
| <i>Continued operations</i>                                                                                                   | 3,535        | 1,957        |
| <i>Discontinued operations</i>                                                                                                | 93           | 373          |
| <b>Total company</b>                                                                                                          | <b>3,628</b> | <b>2,330</b> |

The grants of private and public institutions in 2009 were grants from local promotional organisations in Spain. If they were granted as a percentage of incurred expenses, then they are shown in the periods of the corresponding expense as income (€0 thousand; previous year:

€78 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 (€0 thousand; previous year: €2 thousand).

Other operating income of continued operations includes income that is attributable to another financial year in the amount of €1,674 thousand (previous year: €820 thousand). They involve liquidation of provisions (€1,454 thousand; previous year: €772 thousand), the derecognition of liabilities (€89 thousand; previous year: €0 thousand), intakes on receivables written off (€0 thousand; previous year: €20 thousand), profits

from sales of non-current assets (€0 thousand; previous year: €14 thousand), and other out of period income (€131 thousand; previous year: €14 thousand). Other operating income of discontinued operations includes out of period income of €29 thousand (previous year: €155 thousand).

## 17 Material expenses, personnel expenses

In addition to expenses for software and hardware resold as part of projects (€46 thousand; previous year: €158 thousand), material expenses of the total company comprise mainly expenses for services rendered by outside personnel (consultants, software developers) and subcontractors (€142,050 thousand; previous year: €130,718 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 of the Notes to the Consolidated Financial Statements.

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

## 18 Depreciation

As in the previous year, depreciation on long-term intangible assets and fixed assets in the financial year 2010 includes no depreciation on goodwill due to impairment.

The item amortisations on securities includes expenses in connection with the valuation of securities (held-to-maturity financial investments) at amortised cost using the effective interest method amounting to €141 thousand (previous year: €0 thousand).

## 19 Other operating expenses

Other operating expenses are broken out as follows:

| € thsd.                                                          | 2010          | 2009          |
|------------------------------------------------------------------|---------------|---------------|
| Operating expenses                                               | 6,230         | 5,548         |
| Distribution expenses                                            | 6,487         | 5,218         |
| Administrative expenses                                          | 5,886         | 5,232         |
| Project losses, contract penalties, warranties                   | 921           | 246           |
| Exchange rate losses                                             | 663           | 405           |
| Taxes not dependent on income                                    | 264           | 325           |
| Value adjustments and uncollectable receivables                  | 118           | 57            |
| Out of period expenses                                           | 72            | –             |
| Derecognition of deferred interest                               | 23            | –             |
| Expense from the disposal of derivatives                         | 16            | –             |
| Losses from disposal of fixed assets                             | –             | 17            |
| Expenses from the sale of GFT Technologies GmbH, Vienna, Austria | –             | 4             |
| Other operating expenses                                         | 379           | 200           |
| <i>Continued operations</i>                                      | 21,059        | 17,252        |
| <i>Discontinued operations</i>                                   | 415           | 1,552         |
| <b>Total company</b>                                             | <b>21,474</b> | <b>18,804</b> |

Explanations of the Consolidated Balance Sheet  
and Consolidated Income Statement

Other operating expenses include other out-of-period operating expenses in the amount of €95 thousand (previous year: €17 thousand). They concern ancillary cost charges of previous years (€35 thousand; previous year: €0 thousand), cost from the derecognition of deferred interest (€23 thousand; previous year: €0 thousand) and other out of period

expenses (€37 thousand; previous year: €0 thousand). In 2009, out of period expenses primarily concerned disposal losses from non-current intangible assets and property, plant and equipment (€17 thousand). Other operating expenses of discontinued operations include out of period expenses of €0 thousand (previous year: €4 thousand).

## 20 Research and development expenses

In the financial year 2010 total expenses of €1,726 thousand were recorded for research and development (previous year: €1,592 thou-

sand). The Group only discloses expenses from the development of new technologies and processes in this item.

## 21 Interest income, interest expenses

The interest result:

| € thsd.                                   | 2010       | 2009       |
|-------------------------------------------|------------|------------|
| <b>Other interest and similar income</b>  |            |            |
| Interest from held-to-maturity securities | 314        | –          |
| Interest on bank balances                 | 223        | 209        |
| Interest from securities                  | 138        | 205        |
| Other unearned interests                  | 59         | 135        |
| <i>Continued operations</i>               | 734        | 549        |
| <i>Discontinued operations</i>            | –          | 5          |
| <b>Total company</b>                      | <b>734</b> | <b>554</b> |
| <b>Interest and similar expenses</b>      |            |            |
| Interest on tax refund claims             | -28        | –          |
| Interest on financial liabilities         | -7         | -24        |
| Other interest expenses                   | -22        | –          |
| <i>Continued operations</i>               | -57        | -24        |
| <b>Interest result of total company</b>   | <b>677</b> | <b>530</b> |

## Other Data

### 22 Business combinations during the financial year

#### Business combination GFT Innovations GmbH, Stuttgart

On 13 August 2010, GFT AG also acquired all shares (100%) in the previously non-operating company Platin 569. GmbH, Frankfurt am Main, which has been trading as GFT Innovations GmbH with registered office in Stuttgart since 23 September 2010.

The main reason for the purchase was the establishment of business activities relating to the provision of services for marketing and corporate communication, especially the planning and coordination of company presentations.

The purchase price of €28 thousand was settled in cash.

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

| € thsd.                   | Carrying value<br>= fair value |
|---------------------------|--------------------------------|
| Cash and cash equivalents | 25                             |
| Acquired net assets       | 25                             |
| <b>Acquisition costs</b>  | <b>28</b>                      |
| Goodwill                  | 3                              |

The resulting goodwill was allocated to the *Services* segment (cash-generating unit *Services – Finance & Insurance*).

The aforementioned company was first included in the Consolidated Financial Statements as of the acquisition date on 13 August 2010. Its contribution to the sales revenue of the GFT Group in the period 1 January to 31 December 2010 amounted to €0 thousand – with an effect on net income of €-215 thousand.

Under the assumption that the time of acquisition for all business combinations during the reporting period had been the beginning of this period, the revenue of the GFT Group in the reporting period 1 January 2010 to 31 December 2010 would not have changed.

Under the assumption that the time of acquisition for all business combinations during the reporting period had been the beginning of this period, the profit (net income) of the GFT Group in the reporting period 1 January 2010 to 31 December 2010 would not have changed.

## 23 Cash flow statement

The GFT Group cash flow statement for the financial year 2010 is shown separately. The indirect method is used to determine cash flow from operating activities. 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.                             | 31.12.2010    | 31.12.2009    |
|-------------------------------------|---------------|---------------|
| Cash                                | 3             | 4             |
| Short-term cash deposits with banks | 26,230        | 36,197        |
|                                     | <b>26,233</b> | <b>36,201</b> |

As of 31 December 2009, €250 thousand of cash and cash equivalents were 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 2010 amounted to €-2,347 thousand (net pay-out of the total company; previous year: €-398 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 €0 thousand (previous year: €3 thousand net pay-in).

Cash flow from interest paid during the 2010 financial year totalled €31 thousand (previous year: €304 thousand), cash flow from interest income of the total company amounted to €533 thousand (previous year: €567 thousand). Discontinued operations included cash flow from interest income of €0 thousand (previous year: €1 thousand).

The disclosures on the sale of subsidiaries and other legal entities in the year 2010 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       | 213         | 100.0                            | 1,544     | 919               | 1,983            |
|                         |             |                                  |           | thereof           | thereof          |
| Non-current assets      |             |                                  |           | –                 |                  |
| Current assets          |             |                                  |           | 919               |                  |
| Non-current liabilities |             |                                  |           |                   | –                |
| Current liabilities     |             |                                  |           |                   | 1,983            |

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 <sup>1</sup> | 100.0                            | 16        | 0                 | 5                |
|                         |                |                                  |           | thereof           | thereof          |
| Non-current assets      |                |                                  |           | –                 |                  |
| Current assets          |                |                                  |           | 0                 |                  |
| Non-current liabilities |                |                                  |           |                   | –                |
| Current liabilities     |                |                                  |           |                   | 5                |

<sup>1</sup> Payment in 2010

## 24 Net earnings per share

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

| €                                          | 2010         | 2009         |
|--------------------------------------------|--------------|--------------|
| Undiluted earnings per share as per IAS 33 | 0.30         | 0.18         |
| – current result allowed for               | 7,773,418.70 | 4,741,257.57 |
| – no. of ordinary shares allowed for       | 26,325,946   | 26,325,946   |
| Diluted earnings per share as per IAS 33   | 0.30         | 0.18         |
| – current result allowed for               | 7,773,418.70 | 4,741,257.57 |
| – no. of ordinary shares allowed for       | 26,325,946   | 26,325,946   |

| €                                                      | 2010         | 2009         |
|--------------------------------------------------------|--------------|--------------|
| Undiluted earnings per share from continued operations | 0.31         | 0.23         |
| – current result allowed for                           | 8,247,954.40 | 6,185,434.83 |
| – no. of ordinary shares allowed for                   | 26,325,946   | 26,325,946   |
| Diluted earnings per share from continued operations   | 0.31         | 0.23         |
| – current result allowed for                           | 8,247,954.40 | 6,185,434.83 |
| – no. of ordinary shares allowed for                   | 26,325,946   | 26,325,946   |

| €                                                         | 2010        | 2009          |
|-----------------------------------------------------------|-------------|---------------|
| Undiluted earnings per share from discontinued operations | -0.02       | -0.05         |
| – current result allowed for                              | -474,535.70 | -1,444,177.26 |
| – no. of ordinary shares allowed for                      | 26,325,946  | 26,325,946    |
| Diluted earnings per share from discontinued operations   | -0.02       | -0.05         |
| – current result allowed for                              | -474,535.70 | -1,444,177.26 |
| – no. of ordinary shares allowed for                      | 26,325,946  | 26,325,946    |

25

Reporting on financial instruments

**Information on financial instruments according to categories**

The tables on pages 122 to 125 show 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 €0 thousand (previous year: €250 thousand), which have been pledged to the entitled parties up to a security amount of €0 thousand (previous year: €250 thousand) to safeguard an existing pension commitment. Of the cash and cash equivalents, €0 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 the tables of pages 122 to 125.

No reclassifications between Level 1 and Level 2 were made during financial year 2010.

There were no changes in financial instruments classified as Level 3 (€0; previous year: €0) during financial year 2010.

Disclosures regarding all profits and losses from financial instruments measured at fair value recognised in net income are provided in the table on page 126.

## INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORIES

| € thsd.                                                                                                                                           | 31.12.2010               |               |                      |                      |                      |                                  |                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------|----------------------|----------------------|----------------------|----------------------------------|--------------------------------------|
|                                                                                                                                                   | Valued at amortised cost |               | Valued at fair value |                      |                      | Non-financial assets/liabilities | Carrying amount in the balance sheet |
|                                                                                                                                                   | Carrying amount          | Fair value    | Carrying amount      | Fair value           |                      | Carrying amount                  |                                      |
|                                                                                                                                                   |                          |               |                      | Level 1 <sup>1</sup> | Level 2 <sup>2</sup> | Level 3 <sup>3</sup>             |                                      |
| <b>Financial assets</b>                                                                                                                           |                          |               |                      |                      |                      |                                  |                                      |
| Investments                                                                                                                                       |                          |               | 0                    |                      |                      | 0                                | 0                                    |
| Available-for-sale financial assets                                                                                                               |                          |               | 0                    |                      |                      | 0                                | 0                                    |
| Trade receivables                                                                                                                                 | 54,800                   | 54,800        |                      |                      |                      |                                  | 54,800                               |
| Receivables from goods and services rendered                                                                                                      | 51,010                   | 51,010        |                      |                      |                      |                                  | 51,010                               |
| Loans and receivables                                                                                                                             | 51,010                   | 51,010        |                      |                      |                      |                                  | 51,010                               |
| Amounts due from customers for construction work                                                                                                  | 3,790                    | 3,790         |                      |                      |                      |                                  | 3,790                                |
| Loans and receivables                                                                                                                             | 3,790                    | 3,790         |                      |                      |                      |                                  | 3,790                                |
| Securities                                                                                                                                        | 12,590                   | 12,541        | 1,496                | 1,496                |                      |                                  | 14,086                               |
| Available-for-sale financial assets                                                                                                               |                          |               | 874                  | 874                  |                      |                                  | 874                                  |
| Financial assets measured at fair value through profit or loss (classified as such upon initial application of the revised IAS 39)                |                          |               | 622                  | 622                  |                      |                                  | 622                                  |
| Held-to-maturity financial assets                                                                                                                 | 12,590                   | 12,541        |                      |                      |                      |                                  | 12,590                               |
| Cash and cash equivalents                                                                                                                         | 26,233                   | 26,233        |                      |                      |                      |                                  | 26,233                               |
| Loans and receivables (par value)                                                                                                                 | 26,233                   | 26,233        |                      |                      |                      |                                  | 26,233                               |
| Other assets                                                                                                                                      | 2,313                    | 2,313         | 0                    |                      | 0                    | 1,819                            | 4,132                                |
| Loans and receivables                                                                                                                             | 2,313                    | 2,313         |                      |                      |                      |                                  | 2,313                                |
| Financial assets measured at fair value through profit or loss (derivatives without balance sheet hedging relationship held for trading purposes) |                          |               | 0                    |                      | 0                    |                                  | 0                                    |
| <b>Total financial assets</b>                                                                                                                     | <b>95,936</b>            | <b>95,887</b> | <b>1,496</b>         | <b>1,496</b>         | <b>0</b>             | <b>0</b>                         |                                      |
| Loans and receivables                                                                                                                             | 83,346                   | 83,346        | 0                    | 0                    | 0                    | 0                                |                                      |
| Available-for-sale financial assets                                                                                                               | 0                        | 0             | 874                  | 874                  | 0                    | 0                                |                                      |
| Financial assets measured at fair value through profit or loss                                                                                    | 0                        | 0             | 622                  | 622                  | 0                    | 0                                |                                      |
| Held-to-maturity financial assets                                                                                                                 | 12,590                   | 12,541        | 0                    | 0                    | 0                    | 0                                |                                      |

<sup>1</sup> Fair values were measured on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.

<sup>2</sup> 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).

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

|  | 31.12.2009               |               |                      |                      |                      |                                   |                                      |
|--|--------------------------|---------------|----------------------|----------------------|----------------------|-----------------------------------|--------------------------------------|
|  | Valued at amortised cost |               | Valued at fair value |                      |                      | Non-financial assets/ liabilities | Carrying amount in the balance sheet |
|  | Carrying amount          | Fair value    | Carrying amount      | Fair value           |                      | Carrying amount                   |                                      |
|  |                          |               |                      | Level 1 <sup>1</sup> | Level 2 <sup>2</sup> | Level 3 <sup>3</sup>              |                                      |
|  |                          |               |                      |                      |                      |                                   |                                      |
|  |                          |               | 0                    |                      |                      | 0                                 | 0                                    |
|  |                          |               | 0                    |                      |                      | 0                                 | 0                                    |
|  | 41,758                   | 41,758        |                      |                      |                      |                                   | 41,758                               |
|  | 38,402                   | 38,402        |                      |                      |                      |                                   | 38,402                               |
|  | 38,402                   | 38,402        |                      |                      |                      |                                   | 38,402                               |
|  | 3,356                    | 3,356         |                      |                      |                      |                                   | 3,356                                |
|  | 3,356                    | 3,356         |                      |                      |                      |                                   | 3,356                                |
|  |                          |               | 2,236                | 2,236                |                      |                                   | 2,236                                |
|  |                          |               | 1,765                | 1,765                |                      |                                   | 1,765                                |
|  |                          |               | 471                  | 471                  |                      |                                   | 471                                  |
|  | 35,472                   | 35,472        |                      |                      |                      |                                   | 35,472                               |
|  | 35,472                   | 35,472        |                      |                      |                      |                                   | 35,472                               |
|  | 679                      | 679           | 29                   |                      | 29                   | 1,527                             | 2,235                                |
|  | 679                      | 679           |                      |                      |                      |                                   | 679                                  |
|  |                          |               |                      |                      |                      |                                   |                                      |
|  |                          |               | 29                   |                      | 29                   |                                   | 29                                   |
|  | <b>77,909</b>            | <b>77,909</b> | <b>2,265</b>         | <b>2,236</b>         | <b>29</b>            | <b>0</b>                          |                                      |
|  | 77,909                   | 77,909        | 0                    | 0                    | 0                    | 0                                 |                                      |
|  | 0                        | 0             | 1,765                | 1,765                | 0                    | 0                                 |                                      |
|  |                          |               |                      |                      |                      |                                   |                                      |
|  | 0                        | 0             | 500                  | 471                  | 29                   | 0                                 |                                      |

| € thsd.                                        | 31.12.2010               |               |                      |                      |                      |                                   |                                      |
|------------------------------------------------|--------------------------|---------------|----------------------|----------------------|----------------------|-----------------------------------|--------------------------------------|
|                                                | Valued at amortised cost |               | Valued at fair value |                      |                      | Non-financial assets/ liabilities | Carrying amount in the balance sheet |
|                                                | Carrying amount          | Fair value    | Carrying amount      | Fair value           |                      |                                   | Carrying amount                      |
|                                                |                          |               |                      | Level 1 <sup>1</sup> | Level 2 <sup>2</sup> | Level 3 <sup>3</sup>              |                                      |
| <b>Financial liabilities</b>                   |                          |               |                      |                      |                      |                                   |                                      |
| Financial liabilities                          | 0                        | 0             |                      |                      |                      |                                   | 0                                    |
| Financial liabilities valued at amortised cost | 0                        | 0             |                      |                      |                      |                                   | 0                                    |
| Trade liabilities                              | 27,874                   | 27,874        |                      |                      |                      |                                   | 27,874                               |
| Financial liabilities valued at amortised cost | 27,874                   | 27,874        |                      |                      |                      |                                   | 27,874                               |
| Other liabilities                              | 1,280                    | 1,280         |                      |                      |                      |                                   | 6,581                                |
| Financial liabilities valued at amortised cost | 1,280                    | 1,280         |                      |                      |                      |                                   | 1,280                                |
| Other provisions                               | 4,067                    | 4,067         |                      |                      |                      |                                   | 15,098                               |
| Loans and receivables                          | 4,067                    | 4,067         |                      |                      |                      |                                   | 4,067                                |
| <b>Total financial liabilities</b>             | <b>33,221</b>            | <b>33,221</b> | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>                          |                                      |
| Financial liabilities valued at amortised cost | 33,221                   | 33,221        | 0                    | 0                    | 0                    | 0                                 |                                      |

<sup>1</sup> Fair values were measured on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.

<sup>2</sup> 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).

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

| 31.12.2009               |               |                      |                      |                      |                                  |                                      |
|--------------------------|---------------|----------------------|----------------------|----------------------|----------------------------------|--------------------------------------|
| Valued at amortised cost |               | Valued at fair value |                      |                      | Non-financial assets/liabilities | Carrying amount in the balance sheet |
| Carrying amount          | Fair value    | Carrying amount      | Fair value           |                      |                                  | Carrying amount                      |
|                          |               |                      | Level 1 <sup>1</sup> | Level 2 <sup>2</sup> | Level 3 <sup>3</sup>             |                                      |
| 0                        | 0             |                      |                      |                      |                                  | 0                                    |
| 0                        | 0             |                      |                      |                      |                                  | 0                                    |
| 23,278                   | 23,278        |                      |                      |                      |                                  | 23,278                               |
| 23,278                   | 23,278        |                      |                      |                      |                                  | 23,278                               |
| 1,082                    | 1,082         |                      |                      |                      |                                  | 4,918                                |
|                          |               |                      |                      |                      |                                  | 6,000                                |
| 1,082                    | 1,082         |                      |                      |                      |                                  | 1,082                                |
| 2,851                    | 2,851         |                      |                      |                      |                                  | 11,597                               |
|                          |               |                      |                      |                      |                                  | 14,448                               |
| 2,851                    | 2,851         |                      |                      |                      |                                  | 2,851                                |
| <b>27,211</b>            | <b>27,211</b> | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>                         |                                      |
| 27,211                   | 27,211        | 0                    | 0                    | 0                    | 0                                |                                      |

### Income, expenses, profits and losses from financial instruments

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

| € thsd.                                                                                                                                                                                                     | 2010       | 2009       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| 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)                         | 73         | 141        |
| 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) | 1          | 72         |
| <b>Net profits/losses from available-for-sale financial assets:</b>                                                                                                                                         |            |            |
| – profit/loss which was directly recognised in equity (market assessment reserve)                                                                                                                           | 253        | 320        |
| – Amount which was transferred from equity (market assessment reserve) to the income statement                                                                                                              | 295        | –          |
| <b>Net profits/losses from loans and receivables:</b>                                                                                                                                                       | <b>-39</b> | <b>-8</b>  |
| – Expenses from impairment                                                                                                                                                                                  | -72        | -89        |
| – Income from reversal of an impairment loss                                                                                                                                                                | 105        | 110        |
| – Write-offs                                                                                                                                                                                                | -72        | -29        |
| <b>Net profits/losses from financial liabilities which are valued as amortised cost:</b>                                                                                                                    | <b>225</b> | <b>143</b> |
| – Write-offs                                                                                                                                                                                                | 225        | 143        |

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

| € thsd.                                                                                                                                                                                                     | 2010       | 2009       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| 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)                         | 75         | 141        |
| 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) | 1          | 72         |
| <b>Net profits/losses from available-for-sale financial assets:</b>                                                                                                                                         |            |            |
| – profit/loss which was directly recognised in equity (market assessment reserve)                                                                                                                           | 253        | 320        |
| – Amount which was transferred from equity (market assessment reserve) to the income statement                                                                                                              | 295        | –          |
| <b>Net profits/losses from loans and receivables:</b>                                                                                                                                                       | <b>-67</b> | <b>22</b>  |
| – Expenses from impairment                                                                                                                                                                                  | -69        | -50        |
| – Income from reversal of an impairment loss                                                                                                                                                                | 74         | 95         |
| – Write-offs                                                                                                                                                                                                | -72        | -23        |
| <b>Net profits/losses from financial liabilities which are valued as amortised cost:</b>                                                                                                                    | <b>225</b> | <b>135</b> |
| – Write-offs                                                                                                                                                                                                | 225        | 135        |

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 14 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.                                        | 2010 | 2009 |
|------------------------------------------------|------|------|
| Total interest income (total company)          | 668  | 512  |
| Total interest income (continued operations)   | 668  | 511  |
| Total interest expenses (total company)        | 149  | 24   |
| Total interest expenses (continued operations) | 149  | 24   |

Total interest expenses include expenses disclosed under »Amortisations on securities«, expenses in connection with the valuation of held-to-maturity securities at amortised cost using the effective interest method.

For a statement of impairment loss on trade receivables, please refer to »The development of valuation allowance« in point 5 of the Notes to the Consolidated Financial Statements. In the case of other assets, impairment losses of €0 were recognised in profit and loss (previous year: €0 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 7 of the Notes to the Consolidated Financial Statements.

### Hedge accounting

As at 31 December 2010, 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 price hedging operating criteria, but do not meet the strict criteria of IAS 39, are assigned to the »measured at fair value through profit or loss« category. One such derivative (interest swap) which existed on 31 December 2009 was sold in financial year 2010, whereby the loss from the sale/change in fair value is recognised in income for the period. The hedging purpose already expired in 2006 due to the disposal of the underlying security. As at 31 December 2010, there are therefore no derivatives.

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 €0 thousand (previous year: €61 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 consolidated management report (Opportunity and risk report) 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 (including securities) 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                                              | 31.12.2010  | 31.12.2009  |
|--------------------------------------------------------|-------------|-------------|
| Neither overdue nor value-adjusted receivables         | 51.5        | 37.4        |
| Overdue receivables which have not been value adjusted |             |             |
| Less than 90 days                                      | 3.0         | 3.9         |
| 90 to 180 days                                         | 0.3         | 0.6         |
| 180 to 360 days                                        | –           | 0.3         |
| More than 360 days                                     | 0.0         | 0.0         |
| Value-adjusted receivables                             | –           | 0.0         |
| <b>Carrying amount</b>                                 | <b>54.8</b> | <b>42.2</b> |

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 relevant overdue, but not value-adjusted other financial assets.

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

| Trade receivables                                |             |             |
|--------------------------------------------------|-------------|-------------|
| € million                                        | 31.12.2010  | 31.12.2009  |
| <b>Carrying amount</b>                           | <b>54.8</b> | <b>42.2</b> |
| Concentration according to customers:            |             |             |
| Receivables from 5 biggest customers             | 29.1        | 23.6        |
| Receivables from rest of customers               | 25.7        | 18.6        |
| Concentration according to regions: <sup>1</sup> |             |             |
| Germany                                          | 27.9        | 25.1        |
| Europe (outside Germany)                         | 24.8        | 16.1        |
| Rest of the world                                | 2.1         | 1.0         |

<sup>1</sup> 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.

| € thsd.                     | Carrying amount | Cash flows    |                  |                         |                 |                      |
|-----------------------------|-----------------|---------------|------------------|-------------------------|-----------------|----------------------|
|                             | 31.12.2010      | 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              | 27,874          | 23,137        | 4,737            |                         |                 |                      |
| Other financial liabilities | 1,280           | 1,280         |                  |                         |                 |                      |
| Other provisions            | 4,067           | 4,067         |                  |                         |                 |                      |
|                             | <b>33,221</b>   |               |                  |                         |                 |                      |

|                             | Carrying<br>amount | Cash flows       |                     |                            |                 |                         |
|-----------------------------|--------------------|------------------|---------------------|----------------------------|-----------------|-------------------------|
|                             |                    | up to 1<br>month | of 1 to 3<br>months | from 3 months<br>to 1 year | of 1 to 5 years | of more<br>than 5 years |
| € thsd.                     | <b>31.12.2009</b>  |                  |                     |                            |                 |                         |
| Trade payables              | 23,278             | 18,704           | 4,574               |                            |                 |                         |
| Other financial liabilities | 1,082              | 1,082            |                     |                            |                 |                         |
| Other provisions            | 2,851              | 2,851            |                     |                            |                 |                         |
|                             | <b>27,211</b>      |                  |                     |                            |                 |                         |

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 (2010 approximately 95%, 2009 approximately 96%), which is the functional currency of the invoicing company. This also applies to sales with customers in England and Brazil in addition to customers in the euro zone. Sales through customers in Switzerland (accordingly about 2.8% 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); however, they were increased in financial year 2010 especially as a result of the development of the Swiss franc. The risk for the GFT Group is that on deconsolidation of Group companies, the applicable currency translation difference is liquidated affecting net income.

There are no currencies that pose a significant risk to the Group. In the fiscal years 2010 and 2009 exchange rate hedging, e.g. through derivative financial instruments, was not necessary and was not carried out.

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in the market interest rate. As regards financial assets, GFT does not see any risk from interest rate changes in the case of the largely short-term due and non-interest-bearing trade receivables or the other financial assets. In the case of cash and cash equivalents there is a risk that a lower market interest rate will lead to lower interest income; a fall in the market interest rate by one percentage point would in this case lead to a fall in interest income of between €100 thousand and €200 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 floating-rate 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. Held-to-maturity securities have a fixed interest rate and thus present no interest risk with regard to the amount of interest payments, although the influence of market interest rate fluctuations can have a significant impact on the fair value of these securities.

No original financial liabilities with a variable rate of interest existed in 2010 and 2009, so that there is no interest risk with regard to the main part of the financial liabilities. Hedging of the interest risk was not necessary, and was not carried out in 2010 and 2009.

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

## 26 Contingent liabilities

Securities up to a security amount of €0 thousand (previous year: €250 thousand) have been pledged to secure an existing pension commitment to authorised persons. Of the assets at financial institutions,

€0 thousand (previous year: €250 thousand) have been pledged to the relevant banks for security purposes.

## 27 Other financial obligations

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

| € thsd.                                                                              | 31.12.2010    | 31.12.2009   |
|--------------------------------------------------------------------------------------|---------------|--------------|
| Obligations from temporary rental, leasing and licensing contracts at nominal value: |               |              |
| – 2011                                                                               | 4,509         | 4,390        |
| – 2012–2014                                                                          | 7,940         | 5,076        |
| – 2015 and later (excluding obligations unlimited in time)                           | 215           | 267          |
|                                                                                      | <b>12,664</b> | <b>9,733</b> |
| Annual obligations from open-ended rental contracts:                                 | 418           | 326          |

Payments under operating leases that are recorded as expense in the period under review total €5,845 thousand (previous year: €5,079 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 2010. Operating leases for vehicles and office equipment have terms of between three and seven years. Agreements usually terminate automatically at the end of the term of the agreement.

## 28 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 2010, 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 2010 as well as during the financial year 2009.

In the 2010 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 2009).

A further related party is the designated Executive Board member Mr. Jean-François Bodin, who was responsible for the *Resourcing* segment in the years 2010 and 2009; relationships with Mr. Bodin only concern existing service contracts with GFT companies.

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 2010 services were procured from eQuadriga Software Private Limited in the amount of €346 thousand (previous year: €235 thousand); the services were invoiced at customary market conditions. As at 31 December 2010, the trade liabilities contain liabilities vis-à-vis eQuadriga Software Private Limited in the amount of €23 thousand (previous year: €20 thousand).

As of 13 August 2010, Youdress GmbH, Stuttgart (formerly GFT Business Development GmbH, Eschborn), is a related party of the GFT Group (associated company as of 13 August 2010, previously fully consolidated). Relations to Youdress GmbH exist within the context of a loan commitment granted by GFT AG amounting to €50 thousand, of which €30 thousand has been issued as at 31 December 2010, as well as receivables from current offsetting and expenses amounting to €49 thousand. Total receivables from Youdress GmbH thus amount to €79 thousand (previous year: €0 thousand) as of 31 December 2010.

## 29

### Parent company organs

#### Executive Board

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

*Supervisory Board seats:*

- GFT Iberia Holding, S.A.U., Sant Cugat del Vallès, Spain (Chairman)

*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 Risk and Quality Management

*Supervisory Board seats:*

- GFT Iberia Holding, S.A.U., Sant Cugat del Vallès, Spain (Deputy Chairman)
- GFT Technologies (Schweiz) AG, Opfikon, Switzerland (Advisory Board President)
- GFT UK Limited, London (Chairman of the Board)
- GFT USA, Inc., New York, USA (Member of the Board of Directors)

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

*Supervisory Board seats:*

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

#### Supervisory Board

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

*further Supervisory Board seats:*

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

**Dr. Peter Opitz**, Lawyer, Deputy Chairman

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

*further Supervisory Board seats:*

- Pago eTransaction GmbH, Cologne, Germany

**Dr. Simon Kischkel**, Project Director GFT Technologies AG, Stuttgart (employee) (until 31 December 2010)

**Mr. Andreas Bernhardt**, CEO Euro-Druckservice GmbH, Passau; Associate of Broadband United GmbH, Regensburg, Germany

**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

**Dr. Paul Lerbinger**, member of Executive Board of HSH Nordbank AG, Hamburg and Kiel (since 1 March 2011), designated Chief Executive Officer of HSH Nordbank AG, Hamburg and Kiel (as of 1 April 2011) (as of 14 January 2011)

further Supervisory Board seats:

- MainFirst Bank AG, Frankfurt, Germany

Total remuneration for the Executive Board for the 2010 fiscal year amounted to €1,901 thousand (previous year: €1,557 thousand). It is exclusively due in the short term as defined by IAS 24. Pursuant to the resolution of the Annual General Meeting of 20 May 2010, 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 €127 thousand (previous year: €88 thousand) have been formed.

Total remuneration for the Supervisory Board for the 2010 fiscal year amounted to €82 thousand (previous year: €81 thousand). It is exclusively comprised of fixed, not profit related commission. As the year before, in the financial year 2010, no further commissions for personally fulfilled activities were paid and no advantages assured to the members of the supervisory board; one exception are payments to worker representatives as part of the service contracts.

GFT shares held by members of the Group's organs in the financial years 2009 and 2010 developed as follows:

| Executive Board Members | Ulrich Dietz     | Marika Lulay  | Dr. Jochen Ruetz | Total            |
|-------------------------|------------------|---------------|------------------|------------------|
| Shares                  | Quantity         | Quantity      | Quantity         | Quantity         |
| As at 01/01/2009        | 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        |
| Additions               | 515              | 0             | 0                | 515              |
| Disposals               | 0                | 0             | 0                | 0                |
| <b>As at 31/12/2010</b> | <b>7,493,513</b> | <b>26,540</b> | <b>100,300</b>   | <b>7,620,353</b> |

| Supervisory Board Members | Franz Niedermaier | Dr. Peter Opitz | Prof. Dr. Gerhard Barth | Prof. Dr. Hans-Peter Burghof | Dr. Thorsten Demel | Dr. Simon Kischkel | Andreas Bernhardt | Dr. Markus Kerber <sup>1</sup> | Total         |
|---------------------------|-------------------|-----------------|-------------------------|------------------------------|--------------------|--------------------|-------------------|--------------------------------|---------------|
| Shares                    | Quantity          | Quantity        | Quantity                | Quantity                     | Quantity           | Quantity           | Quantity          | Quantity                       | Quantity      |
| As at 01/01/2009          | 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                            | 0                  | 1,302              | 26,000            | 0                              | 77,302        |
| Additions                 | 0                 | 0               |                         | 0                            | 0                  | 0                  | 0                 |                                | 0             |
| Disposals                 | 0                 | 0               |                         | 0                            | 0                  | 0                  | 0                 |                                | 0             |
| <b>As at 31/12/2010</b>   | <b>50,000</b>     | <b>0</b>        |                         | <b>0</b>                     | <b>0</b>           | <b>1,302</b>       | <b>26,000</b>     |                                | <b>77,302</b> |

<sup>1</sup> The additions and disposals of Dr. Markus Kerber refer to his appointment to and retirement from the Supervisory Board.

### 30 Employees

In the 2010 financial year there were 1,230 employees on average, compared to 1,053 in 2009. There was an average of 1,219 employees in continued operations (previous year: 1,003).

### 31 Auditing fees

The auditing fees invoiced by Grant Thornton GmbH Wirtschaftsprüfungsgesellschaft for the 2010 financial year totalled:

| € thsd.                                  | 2010       | 2009       |
|------------------------------------------|------------|------------|
| Auditing of financial statements         | 188        | 202        |
| Other ratification or valuation services | 72         | 55         |
| Tax accountancy services                 | –          | –          |
| Other services                           | 22         | 19         |
|                                          | <b>282</b> | <b>276</b> |

### 32 Events after the balance sheet date

No noteworthy events have occurred during the year up to 7 March 2011. We refer to the information in the Group Management Report.

### 33 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 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, 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.«

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

On 13 December 2010, 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 publicly available on the company's website ([www.gft.com](http://www.gft.com)) as at 13 December 2010.

*Stuttgart, 7 March 2011*

GFT Technologies Aktiengesellschaft

Executive Board



Ulrich Dietz  
Executive Board (Chairman)



Marika Lulay  
Executive Board



Dr. Jochen Ruetz  
Executive Board

## RESPONSIBILITY STATEMENT

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

*Stuttgart, 7 March 2011*

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, consolidated statement of comprehensive income, consolidated statement of changes in equity 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 2010 and ending 31 December 2010. 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.

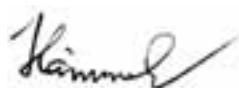
Our audit has not led to any reservations.

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 (Article 315a (1) HGB) 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.

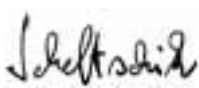
*Stuttgart, 9 March 2011*

Grant Thornton GmbH

Wirtschaftsprüfungsgesellschaft



Hämmerle  
Auditor



Scheftschik  
Auditor

## INCOME STATEMENT (AG)

for the period from 1 January 2010 to 31 December 2010  
GFT Technologies Aktiengesellschaft, Stuttgart

| €                                                                                    | 2010          | 2009          |
|--------------------------------------------------------------------------------------|---------------|---------------|
| 1. Revenue                                                                           | 49,150,459.14 | 40,254,575.63 |
| 2. Change in inventories of work in progress                                         | -2,179,574.87 | 1,841,404.48  |
| 3. Other operating income                                                            |               |               |
| – income from currency conversion                                                    | 448.53        | 178.31        |
| – other                                                                              | 7,255,592.29  | 6,691,900.14  |
|                                                                                      | 7,256,040.82  | 6,692,078.45  |
|                                                                                      | 54,226,925.09 | 48,788,058.56 |
| 4. Cost of materials                                                                 |               |               |
| a) Cost of purchased goods                                                           | 10,196.80     | 17,770.22     |
| b) Costs of purchased services                                                       | 28,937,773.39 | 25,205,775.60 |
|                                                                                      | 28,947,970.19 | 25,223,545.82 |
| 5. Personnel expenses                                                                |               |               |
| a) Salaries and wages                                                                | 15,962,526.21 | 13,989,141.48 |
| b) Social security and expenditures for retirement pensions                          | 2,032,043.68  | 1,809,798.98  |
| – of which for retirement pensions<br>€120,239.56 (previous year: €42,279.62)        |               |               |
|                                                                                      | 17,994,569.89 | 15,798,940.46 |
| 6. Depreciation on intangible assets and tangible assets                             | 631,956.85    | 1,991,004.44  |
| 7. Other operating expenses                                                          |               |               |
| – income from currency conversion                                                    | 1,513.23      | 39.11         |
| – other                                                                              | 8,640,651.76  | 7,603,811.81  |
|                                                                                      | 8,642,164.99  | 7,603,850.92  |
|                                                                                      | -1,989,736.83 | -1,829,283.08 |
| 8. Income from profit transfer agreements                                            | 1,403,225.31  | 1,744,728.60  |
| 9. Tax sharing payments from subsidiaries                                            | 208,670.00    | 280,520.00    |
| 10. Income from investments                                                          | 6,306,268.13  | 3,300,000.00  |
| – of which from affiliated companies<br>€6,306,268.13 (previous year: €3,300,000.00) |               |               |
| 11. Income from other securities of financial assets                                 | 316,655.90    | 0.00          |
| 12. Other interest and similar income                                                |               |               |
| – of which from affiliated companies<br>€167,835.65 (previous year: €153,254.23)     |               |               |
| – Income from deduction of accrued interest                                          | 29,694.07     | 0.00          |
| – other                                                                              | 413,718.24    | 454,656.91    |
|                                                                                      | 443,412.31    | 454,656.91    |
| 13. Depreciation on financial assets and on securities classified as current assets  | 172,273.77    | 0.00          |

| €                                                | 2010                | 2009                |
|--------------------------------------------------|---------------------|---------------------|
| 14. Interest and similar expenses                |                     |                     |
| – of which from affiliated companies             |                     |                     |
| €10,232.63 (previous year: €5,283.62)            |                     |                     |
| – Expenses from deduction of accrued interest    | 84,242.24           | 0.00                |
| – other                                          | 42,977.24           | 7,412.31            |
|                                                  | 127,219.48          | 7,412.31            |
|                                                  | 8,378,738.40        | 5,772,493.20        |
| 15. Result from ordinary business activities     | 6,389,001.57        | 3,943,210.12        |
| 16. Extraordinary expenses                       |                     |                     |
| – Expenses due to Secs. 66 and 67 (1), 1–5 EGHGB | 210,228.00          | 0.00                |
| 17. Extraordinary result                         | -210,228.00         | 0.00                |
| 18. Taxes on income                              |                     |                     |
| – actual income tax                              | -250,647.45         | 78,161.34           |
| – deferred income tax                            | 0.00                | 27,103.00           |
|                                                  | -250,647.45         | 105,264.34          |
| 19. Other taxes                                  | 49,223.67           | 14,411.43           |
| 20. Net income                                   | 6,380,197.35        | 3,823,534.35        |
| 21. Loss carried forward from previous year      | 1,841,394.64        | 2,350,454.89        |
| 22. Allocations to retained earnings             |                     |                     |
| – to other retained earnings                     | -1,700,000.00       | -1,700,000.00       |
| <b>23. Net earnings</b>                          | <b>6,521,591.99</b> | <b>4,473,989.24</b> |

## BALANCE SHEET (AG)

as at 31 December 2010

GFT Technologies Aktiengesellschaft, Stuttgart

### Assets

| €                                                                     | 31.12.2010           | 31.12.2009           |
|-----------------------------------------------------------------------|----------------------|----------------------|
| <b>A. Non-current assets</b>                                          |                      |                      |
| I. Intangible assets                                                  |                      |                      |
| 1. Licences, industrial property rights and similar rights and values | 294,509.00           | 1,311,307.00         |
| 2. Prepaid expenses                                                   | 17,077.45            | 0.00                 |
|                                                                       | <b>311,586.45</b>    | <b>1,311,307.00</b>  |
| II. Tangible assets                                                   |                      |                      |
| Other equipment, office and factory equipment                         | 982,059.82           | 881,052.06           |
| III. Financial assets                                                 |                      |                      |
| 1. Shares in affiliated companies                                     | 16,361,315.80        | 16,361,802.50        |
| 2. Investments                                                        | 100,708.96           | 4,536.44             |
| 3. Securities of non-current assets                                   | 12,702,271.24        | 0.00                 |
|                                                                       | <b>29,164,296.00</b> | <b>16,366,338.94</b> |
|                                                                       | <b>30,457,942.27</b> | <b>18,558,698.00</b> |
| <b>B. Current assets</b>                                              |                      |                      |
| I. Inventories                                                        |                      |                      |
| Work in progress                                                      | 2,883,485.87         | 5,063,060.74         |
| II. Receivables and other current assets                              |                      |                      |
| 1. Trade receivables                                                  | 6,250,419.90         | 5,578,848.81         |
| 2. Receivables from affiliated companies                              | 2,369,290.20         | 14,681,049.65        |
| 3. Receivables from participations                                    | 78,725.50            | 0.00                 |
| 4. Other assets                                                       | 2,107,579.93         | 1,316,099.79         |
|                                                                       | <b>10,806,015.53</b> | <b>21,575,998.25</b> |
| III. Securities                                                       |                      |                      |
| Other securities                                                      | 1,384,000.00         | 2,146,800.00         |
| IV. Cash balance, cash at banks                                       | 16,354,689.19        | 14,767,050.45        |
|                                                                       | <b>31,428,190.59</b> | <b>43,552,909.44</b> |
| <b>C. Accruals and deferrals</b>                                      | 89,925.33            | 70,838.85            |
| <b>D. Deferred tax assets</b>                                         | 0.00                 | 93,758.00            |
|                                                                       | <b>61,976,058.19</b> | <b>62,276,204.29</b> |

## Shareholders' Equity and Liabilities

| €                                                                  | 31.12.2010           | 31.12.2009           |
|--------------------------------------------------------------------|----------------------|----------------------|
| <b>A. Shareholders' equity</b>                                     |                      |                      |
| 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                                            | 10,149,591.97        | 8,543,349.97         |
| IV. Net earnings                                                   | 6,521,591.99         | 4,473,989.24         |
|                                                                    | <b>45,742,172.32</b> | <b>42,088,327.57</b> |
| <b>B. Provisions</b>                                               |                      |                      |
| 1. Provisions for pensions                                         | 665,037.00           | 257,758.00           |
| 2. Provisions for taxation                                         | 268,074.00           | 736,760.00           |
| 3. Other provisions                                                | 6,073,973.71         | 4,816,811.12         |
|                                                                    | <b>7,007,084.71</b>  | <b>5,811,329.12</b>  |
| <b>C. Liabilities</b>                                              |                      |                      |
| 1. Advance payments on orders                                      | 3,034,930.17         | 5,636,323.73         |
| 2. Trade liabilities                                               | 836,929.97           | 584,387.30           |
| 3. Liabilities to affiliated companies                             | 4,733,731.66         | 7,659,217.97         |
| 4. Liabilities to participations                                   | 23,232.00            | 10,140.00            |
| 5. Other liabilities                                               | 597,977.36           | 477,425.65           |
|                                                                    | <b>9,226,801.16</b>  | <b>14,367,494.65</b> |
| <b>D. Accruals and deferrals</b>                                   | 0.00                 | 9,052.95             |
|                                                                    | <b>61,976,058.19</b> | <b>62,276,204.29</b> |

## LOCATIONS

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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](http://www.gft.com/ir). There you can find further information on our company and the GFT share.

### GFT Technologies AG

Investor Relations

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The Annual Report 2010 is also available in German. The online versions of the German and English Reports are available on [www.gft.com/ir](http://www.gft.com/ir).

## IMPRINT

### Concept

GFT Technologies AG, Stuttgart, [www.gft.com](http://www.gft.com)

### Text

GFT Technologies AG, Stuttgart, [www.gft.com](http://www.gft.com)

Candid Communications, Augsburg, [www.candid-com.com](http://www.candid-com.com)

### Creative concept and design

Impacct Communication GmbH, Hamburg, [www.impacct.de](http://www.impacct.de)

### Photography

Armin Brosch, Munich, [www.arminbrosch.de](http://www.arminbrosch.de)

Michael Dannenmann, Dusseldorf, [www.michael-dannenmann.de](http://www.michael-dannenmann.de)

Konstantin Gastmann, Berlin, [www.goenz.com](http://www.goenz.com)

Luis Masyebra, Madrid, [www.masyebra.com](http://www.masyebra.com)

# FINANCIAL CALENDAR

Annual Report 2010

**31 March 2011**

Interim Report as of 31 March 2011

**12 May 2011**

Annual General Meeting

**31 May 2011**

Interim Report as of 30 June 2011

**11 August 2011**

Interim Report as of 30 September 2011

**9 November 2011**

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## KEY FIGURES ACCORDING TO IFRS

|                                                                          |     | Continued<br>operations | Continued<br>operations | Continued<br>operations |        |        |        |
|--------------------------------------------------------------------------|-----|-------------------------|-------------------------|-------------------------|--------|--------|--------|
|                                                                          |     | 2010                    | 2009                    | 2008                    | 2007   | 2006   | 2005   |
| Income statement                                                         |     |                         |                         |                         |        |        |        |
| Revenue                                                                  | €m  | 248.26                  | 216.81                  | 236.62                  | 247.07 | 173.68 | 120.94 |
| Earnings before interest, tax,<br>depreciation and amortisation (EBITDA) | €m  | 12.05                   | 8.54                    | 10.63                   | 13.10  | 7.31   | 2.11   |
| Earnings before interest and taxes (EBIT)                                | €m  | 10.88                   | 7.34                    | 9.08                    | 11.68  | 6.15   | 0.85   |
| Earnings before taxes (EBT)                                              | €m  | 11.55                   | 7.86                    | 9.62                    | 12.36  | 6.67   | 1.58   |
| Net income                                                               | €m  | 8.25                    | 6.19                    | 7.91                    | 8.59   | 5.11   | 1.06   |
| Balance sheet <sup>1</sup>                                               |     |                         |                         |                         |        |        |        |
| Non-current assets                                                       | €m  | 29.49                   | 29.77                   | 31.33                   | 30.89  | 30.76  | 24.11  |
| Cash, cash equivalents and securities                                    | €m  | 40.32                   | 37.71                   | 35.19                   | 28.70  | 23.89  | 28.65  |
| Other current assets                                                     | €m  | 58.77                   | 43.85                   | 46.98                   | 52.34  | 37.55  | 25.60  |
| ASSETS                                                                   | €m  | 128.58                  | 113.38                  | 113.50                  | 111.93 | 92.20  | 78.36  |
| Non-current liabilities                                                  | €m  | 2.09                    | 1.94                    | 2.37                    | 2.84   | 2.85   | 4.08   |
| Current liabilities                                                      | €m  | 55.22                   | 44.02                   | 47.96                   | 51.36  | 39.99  | 29.82  |
| Shareholders' equity                                                     | €m  | 71.27                   | 65.75                   | 63.17                   | 57.73  | 49.36  | 44.46  |
| LIABILITIES                                                              | €m  | 128.58                  | 113.38                  | 113.50                  | 111.93 | 92.20  | 78.36  |
| Equity ratio                                                             | %   | 55                      | 58                      | 56                      | 52     | 54     | 57     |
| Cash flow <sup>2</sup>                                                   |     |                         |                         |                         |        |        |        |
| Cash flow from operating activities                                      | €m  | 7.31                    | 6.57                    | 9.20                    | 9.34   | 1.50   | -0.84  |
| Cash flow from investing activities                                      | €m  | -14.65                  | -0.75                   | -1.81                   | -1.48  | -3.60  | 1.04   |
| Cash flow from financing activities                                      | €m  | -2.63                   | -2.63                   | -0.70                   | -2.41  | 1.69   | -0.01  |
| Employees                                                                |     |                         |                         |                         |        |        |        |
| Number of permanent employees (as at 31 Dec.)                            | no. | 1,300                   | 1,096                   | 969                     | 1,087  | 1,057  | 981    |
| Share                                                                    |     |                         |                         |                         |        |        |        |
| Earnings per share acc. to IAS 33                                        | €   | 0.31                    | 0.23                    | 0.30                    | 0.33   | 0.19   | 0.04   |

<sup>1</sup> In accordance with IFRS 5 regulations, the balance sheet figures for 2008 include the discontinued operation »Software«.

<sup>2</sup> According to IFRS 5 the discontinued operations (segment »Software«) are included in all cash flow figures (2008–2010).

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