

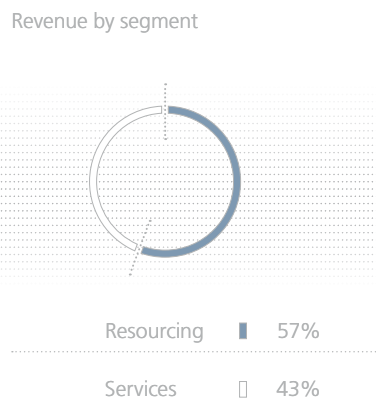
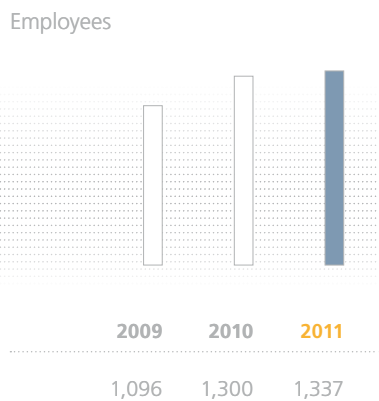
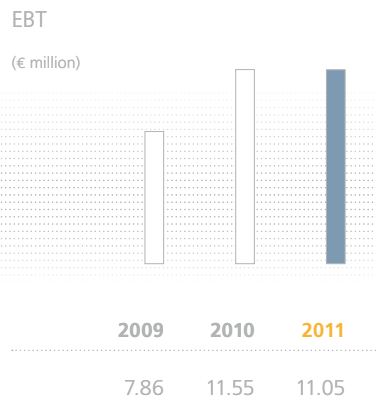
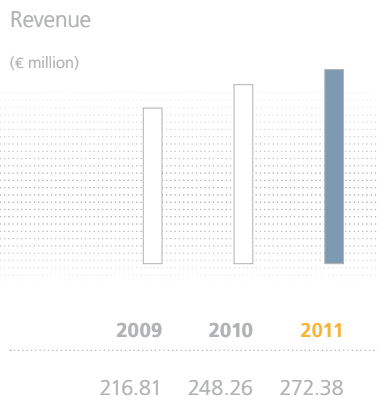
inspiring IT



ANNUAL REPORT 2011

Shaping mobile life

With its extensive sector and technological know-how, the GFT Group helps companies optimise their business processes with the aid of smart IT solutions and highly skilled specialists. We offer technological expertise via our international network of experts (Resourcing) and deliver innovative IT applications for the finance sector (Services).



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Group Management Report

of GFT Technologies AG as of 31 December 2011

Business environment

Group structure

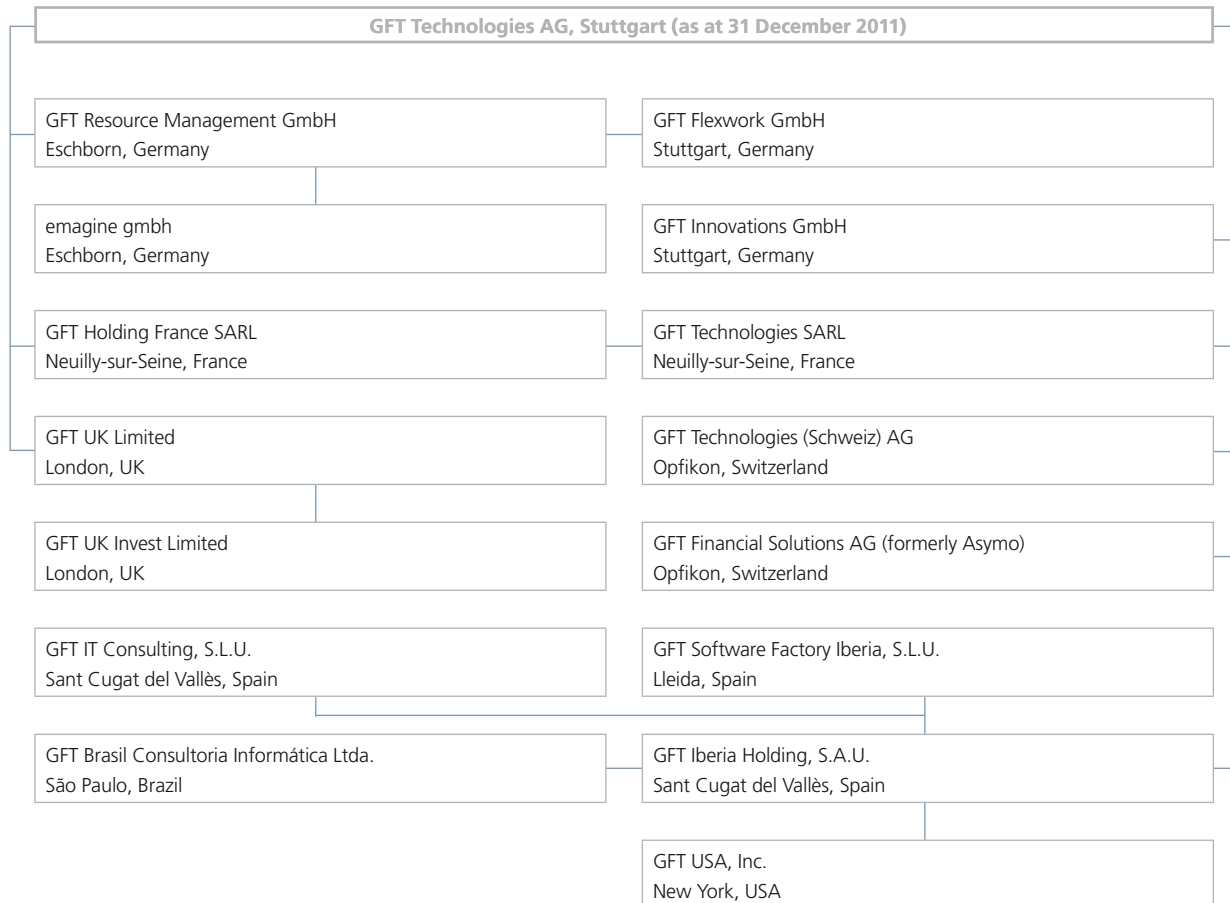
Based in Stuttgart, Germany, GFT Technologies AG (GFT AG) acts as the strategic management holding company of the GFT Group. It is responsible for the Group's management and control instruments and manages all the legally independent Group companies. The key responsibilities of GFT AG include defining the corporate targets and strategy. In addition, it steers the Group's risk management, financial management and resource allocation. In the field of Investor Relations, 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 Board and Supervisory Board of GFT AG 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.

In addition to its administrative functions, GFT AG also conducts operating activities. The Services Germany division, for example, is integrated into GFT AG. The GFT Group is divided into the two business divisions: Services and Resourcing.

In the financial year 2011, GFT UK Invest Limited, London, was founded. The same applies to GFT Software Factory Iberia, S.L.U. in Lleida, Spain. A further new member of the GFT Group is the former Asymo AG, Adliswil, Switzerland, which was renamed GFT Financial Solutions AG after its acquisition and moved its head office to Opfikon, Switzerland. In the past year, GFT USA Inc. acquired the Service division of G2 Systems LLC, USA.

The structure of the GFT Group is shown in the following chart:



Business operations

Together with its international subsidiaries, the GFT Group serves as a strategic IT partner which helps companies to optimise their business processes with intelligent IT solutions and highly skilled specialists and to transform cutting-edge technological developments into future-compliant business models. Since its foundation in 1987 in St. Georgen, Germany, GFT has developed into a leading global IT service provider for the financial sector. At the heart of the company are its 1,300 employees based at 22 locations in seven countries around the world. In addition, there is a network of international development centres, including the Avaloq Competence Centre in Switzerland and the Mobile Banking Competence Centre in Barcelona. The company's business is divided into the two divisions Resourcing and Services, which are centrally managed across all locations and countries.

In its Resourcing division, GFT acts as a recruitment expert specialising in the selection, composition and placement of IT specialists, engineers or whole project teams in accordance with specific client or project needs. These activities draw on the Group's extensive international pool of experts. GFT can help clients in all sectors achieve greater flexibility in the staffing of teams with solutions tailored exactly to their respective technology projects. In its Third Party Management business, GFT takes over the complete management of external IT providers on behalf of its clients.

GFT's Services division focuses in particular on the financial services industry. In addition to providing IT support for banks, the company designs, develops and maintains tailored and innovative IT solutions. GFT helps clients optimise their IT processes and thus sustainably enhance their competitive standing. These services are based on the company's extensive technological experience and comprehensive sector expertise. GFT can also react swiftly to the growing demand for IT outsourcing solutions. With the aid of its Global Delivery Model, GFT can reliably supply the required services to the core markets of Europe and the Americas.

The GFT Group aims to achieve profitable growth and a sustainable increase in the company's value. The company measures the success of its strategy implementation with the aid of its key performance indicators: revenue, EBT (earnings before taxes), contribution margins and account collection targets. All key operating figures are presented to the Executive Board and discussed on a monthly basis by the respective operational managers. Where necessary, countermeasures are decided directly and monitored for their swift implementation. GFT's Executive Board has implemented a value-oriented control system focusing on staff and clients which is aimed at pursuing its growth strategy over the long term.

Employee identification with the company is a critical factor in GFT's successful development. The company therefore offers staff a wealth of opportunities to develop their potential. Individual career plans are developed at annual performance reviews, for example, and are continuously monitored in order to tap available potential and nurture the personal development of each employee. The GFT High Potential Programme was initiated by the company to promote the development of managerial staff and create a basis for recruiting new managers from within the company. Selected staff from the Services and Resourcing divisions, as well as in administrative functions, are given challenging tasks in multinational teams over a two-year period in order to encourage their development.

The company regularly monitors the workload capacity of staff at the GFT Development Centres as it represents an important factor for the company's success. Moreover, the CMMI® (Capability Maturity Model Integration) system and proprietary quality control processes are key prerequisites for the consistently high quality of our development efforts.

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

Customer satisfaction is of fundamental importance to GFT. It is the basis for satisfactory partnerships and long-term cooperation. The Executive Board therefore regularly contacts managers at its client companies and thus helps GFT secure its long-term status as a strategic or preferred IT partner.

Economic environment

Macroeconomic development

Following dynamic growth in the first two quarters of 2011, there was a marked slowdown in the global economy during the second half of the year. The reasons included the European Monetary Union's debt crisis, the national deficit of the United States and weak economic data. The International Monetary Fund (IMF), for example, repeatedly downgraded its growth forecast during the year by a total of 0.8%-points to 4.0% in September. In the previous year, the forecast had 5.1%. Similar figures were announced by the Organisation for Economic Cooperation and Development (OECD) in its economic outlook of November 2011, which forecast growth of just 3.8%.

As a result of the slowdown in economic activity, the IMF downgraded its forecast for the Euro zone by 0.4%-points to growth of 1.6%. The positive outlook referred mainly to the two expanding economies of France and Germany, while falling growth figures were predicted for the Euro zone's peripheral countries.

Even though it failed to reach the figures of its record year 2010, Germany enjoyed further economic growth in 2011. Thanks mainly to a strong start to the year, the economy grew 3.0% year on year, and thus more strongly than originally forecast. In autumn 2010, growth was still expected to reach around 2.0% in 2011. This expansion was chiefly driven by the healthy order books of the manufacturing sector and strong domestic demand. During the course of the year, the global economy's deteriorating prospects placed an increasing burden on the German economy. As a result, the country was not quite able to reach the 3.2% growth figure which the IMF had forecast in June 2011.

Sector development

In 2011, the German Information and Communication Technology (ICT) sector was able to maintain the positive development of the previous year. According to figures of the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM), the IT sector achieved sales of €70.0 billion – corresponding to annual growth of 3.2% and €1.2 billion above the forecast made in 2010. The IT services segment recorded increased revenues of 3.8% and thus established itself as the driver of sector growth. The association believes that the reasons include growing demand for outsourcing services and the field of cloud computing.

In December 2011, the BITKOM sector index stood at 60 points and was thus well above the Ifo index for the economy as a whole. Following an all-time-high of 72 points at the beginning of the year, there was a slight dip in the second quarter before the figure recovered and remained above its long-term average. This reflects the optimistic mood in the sector – a sector which created 10,000 new jobs in the period under review.

Course of business

The GFT Group can look back on a positive development of its business in the financial year 2011. Against a backdrop of ongoing economic recovery, the company achieved strong growth in consolidated revenue and kept its consolidated operating result relatively stable at the prior-year level. In the first half of the year, GFT was able to benefit from the macroeconomic upswing; both segments reported significant growth. Business was driven both by the high demand for IT solutions in the finance sector and the growing need for freelance IT specialists and engineers in the industrial sector. In the second half of the year, however, the Group was unable to escape the effects of flagging economic growth. Revenue and earnings growth could no longer be maintained at the same pace as in the first half of the year. Thanks to GFT's broad portfolio of products and services, however, the decline in segment revenue suffered by the Services division was almost completely offset by a positive development in revenue generated by the Resourcing division.

In 2011, the GFT Group posted total revenue of €272.38 million – an increase of 10% over the prior-year figure (€248.26 million). This growth was mainly driven by the Resourcing division. The segment expanded its cooperation with existing clients in various countries and successfully acquired a number of new clients. Earnings before taxes (EBT) of the GFT Group amounted to €11.05 million in its financial year 2011 (prev. year: €11.55 million). Reduced revenues in the Services segment during the second half of the year had a dampening impact on earnings. EBT also includes scheduled and non-attributable expenditure of the Group's headquarters of €1.45 million.

GFT therefore exceeded its revenue and earnings forecast for the year as a whole, which it had downgraded on publication of its third quarter figures. In view of the economic uncertainties and signs that the finance sector would continue its restrictive investment policy in the fourth quarter, GFT decided in November to adapt the outlook published in its Consolidated Financial Statements 2010 to the prevailing market environment and forecast revenue of €270 million and EBT of €11 million.

As expected, the economic slowdown in the fourth quarter impacted the course of business for GFT. In the last three months of the reporting year, the GFT Group achieved revenue of €64.51 million (prev. year: €69.52 million). Pre-tax earnings in the fourth quarter amounted to €2.00 million (prev. year: €2.79 million).

In view of the generally positive development of business and the company's strong liquidity position, the GFT Executive Board and Supervisory Board will propose to the Annual General Meeting that a dividend of €0.15 be paid once again to the company's shareholders.

Development in the business divisions

In 2011, the Resourcing division posted high double-digit growth in both revenue and earnings. At €156.38 million, segment revenue exceeded the prior-year figure by 19% (prev. year: €131.77 million); thanks to increased revenue and successful measures to raise efficiency, there was a similarly strong increase in segment earnings of 17% to €3.49 million (prev. year: €2.99 million). The reason for this strong revenue growth was the consistently high demand for freelance specialists across all sectors and countries. The industrial sector in particular displayed an increased need for pan-European and extra-European projects. In the third and fourth quarters, this demand compensated for the loss of revenue from the end of cooperation with a major client.

Thanks to stable, long-term projects, the Services division – which focuses mainly on the finance sector – was able to make up for sluggish sector demand in the second half of the year. At €115.50 million, segment revenue remained virtually unchanged from the high prior-year figure (€116.47 million). Segment earnings amounted to €9.01 million (prev. year: €9.40 million).

Development of revenue

In its financial year 2011, the GFT Group raised total revenue by 10% to €272.38 million (prev. year: €248.26 million). This positive trend was mainly due to the performance of the Resourcing division, which enjoyed strong demand for freelance IT specialists and engineers across all sectors and countries.

Viewed on a quarterly basis, revenue development began strongly in financial year 2011 and improved further in the second quarter. The third quarter suffered from more cautious demand in the finance sector as a result of the European debt crisis and the uncertainty of the capital markets – a trend which was also reflected in the development of business over the last three months.

Revenue by segment

The positive development of revenue in the Resourcing division also impacted the revenue by segment breakdown: in 2011, the Resourcing division accounted for the largest share of revenue with an increase of 4%-points to around 57% (prev. year: 53%), of which 25% was generated by Third Party Management and 32% by Resource Management. Correspondingly, the Services division accounted for around 43% (prev. year: 47%).

In line with the recovery of the industrial sector, rising demand for specialists helped fuel growth in the **Resourcing** division. In the period under review, segment revenue rose year on year by 19% to €156.38 million (prev. year: €131.77 million). This positive development is mainly due to the higher-margin Resource Management business, which lifted revenue by 35% to €88.00 million (prev. year: €65.30 million). Third Party Management contributed €68.38 million to total revenue (prev. year: €66.47 million).

Despite a marked fall in investments made by the finance sector in the second half of the year, the **Services** segment succeeded in almost maintaining its high revenue level of the previous year. Stable revenue from outsourcing services, core banking solutions and long-term projects, as well as pro rata revenue contributed by acquired units, helped offset the falling demand for IT solutions in corporate and investment banking. In the period under review, segment revenue of €115.50 million was generated (prev. year: €116.47 million).

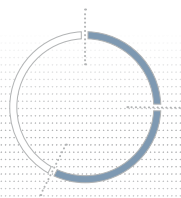
Revenue by country

Germany contributed €145.03 million to total revenue (prev. year: €137.93 million) and remains the GFT Group's largest sales market with a share of 53% (prev. year: 56%). The increase of 5% was due to the positive development of the Resourcing division, which was able to expand its activities in the industrial sector – above all by successfully acquiring business with new clients. There was particularly strong revenue growth from Resource Management activities during the year under review.

As a result of more cautious capital spending in the finance sector, strong progress on the **UK** market began to slow in the second half of the year. In the fourth quarter in particular, the falling demand for IT solutions in corporate and investment banking had a marked effect on segment revenue of the Services division. At €36.67 million, revenue failed to match the high prior-year figure (€38.60 million). Its share of total revenue amounted to 13% (prev. year: 16%).

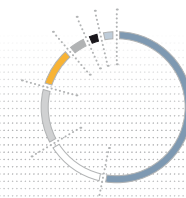
There was very encouraging progress for the Resourcing division in **France**, which played a key role in boosting total revenue of the GFT Group. Revenue generated with French clients was up 53% year on year to €35.35 million (prev. year: €23.16 million). A significant increase in revenue with clients in the industrial sector – also via new client acquisition – helped fuel this strong revenue growth. As a result, France increased its share of total revenue to 13% (prev. year: 9%) and established itself as the third largest sales market.

Revenue by segment



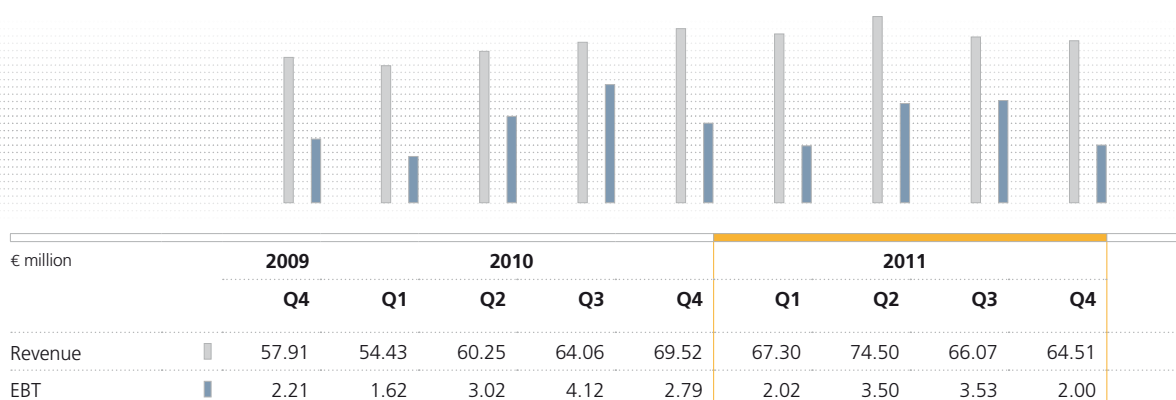
%	2011	€ million
Resourcing	57%	156.38
TPM	25%	68.38
Resource Management	32%	88.00
Services	43%	115.50

Revenue by country



%	2011	€ million
Germany	53%	145.03
UK	13%	36.67
France	13%	35.35
Spain	9%	25.36
Switzerland	5%	13.01
USA	3%	7.42
Other countries	4%	9.54

Development of revenue and EBT on a quarterly basis



Despite adverse market conditions, the traditionally high level of revenue generated with clients in **Spain** was raised once again in 2011. The Services division benefited from strong demand of European financial institutes for outsourcing services as well as from stable long-term projects and succeeded in raising revenue by 11% to €25.36 million (prev. year: €22.79 million). Spain's share of the GFT Group's total revenue therefore remained unchanged at 9%.

Strong revenue growth of 84% was achieved in **Switzerland**. A total of €13.01 million was generated with Swiss clients in the period under review (prev. year: €7.06 million). In addition to the acquisition of Asymo AG in June 2011, the expansion of activities in both business divisions helped boost revenue. The country's share of total revenue increased to 5% (prev. year: 3%).

The GFT Group made its second acquisition of the financial year 2011 in the **USA**. In October 2011, the consulting division of G2 Systems was acquired and consolidated. Despite difficult conditions on the financial services market, revenue generated with clients in North America grew by 13% to €7.42 million (prev. year: €6.59 million). As a result, the US market continues to account for 3% of total Group revenue.

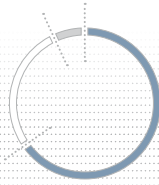
Revenue contributed by clients in **»Other countries«** – including Brazil, Italy, Poland and the Netherlands – totalled €9.54 million in the period under review (prev. year: €12.13 million) and accounted for 4% of the GFT Group's total revenue. The decline is largely attributable to falling revenues with clients in Portugal and Poland in the Services division.

Revenue by industry

With a 65% share of total revenue, the **finance sector** is still the most important industry for the GFT Group – despite a slight fall compared to the previous year (69%). Sluggish demand in the field of corporate and investment banking during the second half of the year had a dampening effect on revenue. Nevertheless, revenue was still up 4% on the previous year's high level to reach €178.39 million (prev. year: €171.90 million).

Projects with clients in the **postal and logistics industry** generated revenue of €18.62 million in 2011 – an increase of 21% on the previous year (€15.39 million). This growth was largely due to the expansion of activities in Resource Management. The postal and logistics industry accounts for 7% of total revenue (prev. year: 6%).

Revenue by industry



%		2011	€ million
	Financial services providers	65%	178.39
	Others	28%	75.37
	Post/logistics	7%	18.62

There was also strong growth in revenue with clients in the industrial sector, which is comprised under the »Others« category. In the period under review, revenue generated with clients in this sector amounted to €75.37 million (prev. year: €60.97 million). This corresponds to year-on-year growth of 24% and accounts for 28% of total Group revenue (prev. year: 25%). The Resource Management business was largely responsible for this growth, as it benefited from increased global demand for IT experts and engineers in line with the general recovery in manufacturing.

Earnings position

As of 31 December 2011, **earnings before taxes (EBT)** of the GFT Group amounted to €11.05 million and were thus in line with the adjusted annual forecast made in the third quarter in view of the volatile market environment. EBT was down on the previous year by €0.50 million, while the operating margin before taxes fell 0.6%-points year on year to 4.1%.

With an EBT result of €2.00 million, the fourth quarter lagged behind the preceding three quarters and was also below the quarterly result of the previous year (€2.79 million). This decline was the result of an expected fall in business with banks in both operating divisions, but also due to balance sheet effects in connection with acquisitions.

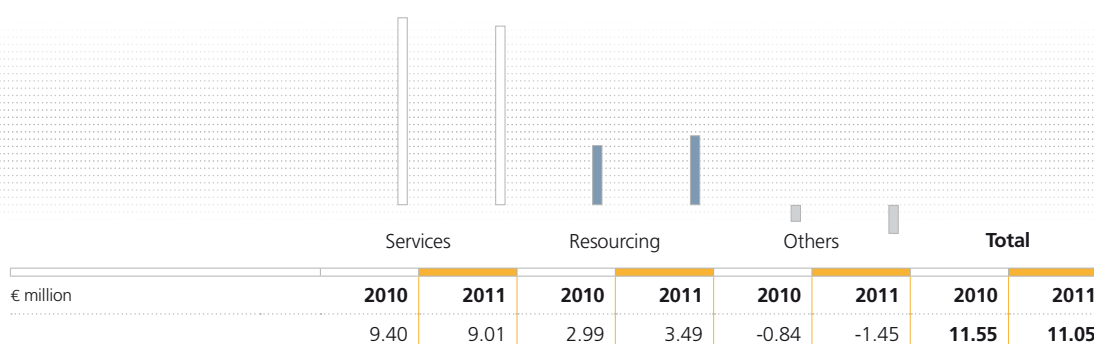
Earnings before interest and taxes (EBIT) amounted to €10.49 million as of 31 December 2011 and thus fell short of the prior-year result by €0.39 million. At €11.84 million, **earnings before interest, taxes, depreciation and amortisation (EBITDA)** were also down on the prior-year figure of €12.05 million.

Earnings position by segment

Despite an adverse market environment in the second half of 2011, pre-tax earnings of €9.01 million in the **Services** segment were only down slightly on the previous year (€9.40 million). At 7.8%, the operating margin was 0.3%-points below the prior-year figure. In the fourth quarter, earnings amounted to €1.61 million and were thus down 5% year on year (prev. year: €1.70 million). Earnings contributed by new acquisitions helped compensate in part for falling operating earnings of the Services segment in the second half of the year.

In the financial year 2011, the **Resourcing** segment was able to uphold its positive trend – despite a slight weakening in the fourth quarter. Pre-tax earnings at year-end amounted to €3.49 million and were thus €0.50 million higher than in the previous year (€2.99 million). This was largely the result of increased placements of IT and

Earnings by segment



engineering specialists in the Resource Management business. Third Party Management, however was down on the previous year with lower margins. As of the balance sheet date, Third Party Management accounted for €0.25 million of earnings (prev. year: €0.37 million). Pre-tax earnings from Resource Management activities were up 24% to €3.24 million (prev. year: €2.62 million). Due to a fall in demand for external IT experts – especially in the UK and US markets – pre-tax earnings in the fourth quarter amounted to €0.83 million, compared to €1.45 million in 2010.

The »Others« category comprises ancillary costs and balance sheet effects for acquisitions, the activities of GFT Innovations GmbH, non-allocated costs of the holding company and consolidation amounts which cannot be directly charged to either of the two aforementioned divisions. Due mainly to acquisition-related effects, pre-tax earnings of this division amounted to €-1.45 million in 2011 (prev. year: €-0.84 million).

Earnings position by income and expense items

As of 31 December 2011, **other operating income** amounted to €2.35 million and was thus €1.18 million below the prior-year figure (€3.53 million). This decline in other operating income is due to the following items: income from the liquidation of provisions fell by €0.38 million to €1.07 million (prev. year: €1.45 million), while the other changes concerned currency gains, sales of securities and earnings from late payment charges.

At the end of 2011, the **cost of materials** was well above the prior-year figure at €157.38 million (prev. year: €142.06 million). The rise was due to the increased share in total revenue of the Resourcing division and thus the cost of procuring external staff. As a proportion of revenue, the cost of materials increased by 0.6%-points to 57.8% (prev. year: 57.2%).

Personnel expenses rose by €5.85 million to €82.33 million in 2011 (prev. year: €76.48 million). This year-on-year increase in personnel expenses of 8% was in line with an equal rise in average headcount of 8%. As a proportion of revenue, personnel expenses were down 0.6%-points on the previous year.

Financial position

Depreciation of intangible and tangible assets

amounted to €1.35 million as of year-end and was thus €0.17 million higher than in the previous year (€1.18 million). However, this had only a minor impact on ordinary operating profits. The write-downs on intangible assets according to purchase price allocation in connection with the two acquisitions amounted to €0.04 million (prev. year: zero).

Other operating expenses increased to €22.83 million in the past financial year; this corresponds to a year-on-year rise of 8% (prev. year: €21.06 million). The cost increases were mainly attributable to higher administrative and selling expenses, which rose in line with increased business by €1.79 million in 2011 to €14.17 million. Other operating expenses also comprise costs of €0.91 million relating to the acquisition of GFT Financial Solutions AG (formerly Asymo AG) and the business operations of G2 Systems.

As of 31 December 2011, **income taxes** amounted to €2.76 million – down €0.55 million on the prior-year figure. Due to special tax effects at foreign subsidiaries, the tax ratio was down 4%-points to 25%.

At €8.29 million, **net income for the year** of the GFT Group was ahead of prior-year net income for the year from continued operations (prev. year: €8.25 million). This was a result of the lower tax payment. Earnings per share remained stable at €0.31. These figures are based on an average of 26,325,946 outstanding shares.

As of 31 December 2011, the GFT Group held **cash, cash equivalents and securities** totalling €39.68 million. Despite company acquisitions and higher dividend payments to shareholders, there was only a slight year-on-year decline (prev. year: €40.32 million). This was largely attributable to further improvements in working capital management. At year-end, **trade receivables** amounted to €50.96 million, compared to €54.80 million in the previous year. **Trade payables** as of 31 December 2011 came to €28.63 million and were thus up €0.76 million on the previous year (€27.87 million). **Liquid funds** increased by €6.24 million to €32.47 million (prev. year: €26.23 million).

In comparison to the previous year, **cash flows from operating activities** improved strongly and reached €14.18 million as of 31 December 2011 (prev. year: €7.31 million).

Cash flows from investing activities amounted to €-3.99 million – an improvement of €10.66 million on the previous year (€-14.65 million). In 2010 there was a special item from investments in financial assets of €-12.74 million.

As of 31 December 2011, **cash flows from financing activities** totalled €-3.95 million. This figure resulted entirely from the payment of dividends to shareholders (prev. year: €-2.63 million). The year-on-year change was due to an increased dividend in 2011 of €0.15 per share (prev. year: €0.10 per share).

Asset position

The **balance sheet total** of the GFT Group as at 31 December 2011 reached €138.28 million, compared to €128.58 million at the end of financial year 2010.

On the asset side, there was a strong change in **non-current assets** – especially in the items goodwill and securities. In comparison to 31 December 2010, goodwill rose by €16.03 million to €36.40 million. The increase is due to the acquisitions of GFT Financial Solutions AG (formerly: Asymo AG) in Switzerland in June 2011 and the consulting division of G2 Systems in the USA in October 2011. Among the financial assets, securities of €6.23 million as of 31 December 2011 were well below the prior-year figure of €12.70 million. The decline resulted mainly from the sale of securities to finance acquisitions.

As of 31 December 2011, **current assets** were virtually unchanged from the previous year at €86.71 million (prev. year: €86.39 million). Within this item, trade receivables fell by €3.84 million to €50.96 million (prev. year: €54.80 million), while cash and cash equivalents rose strongly by €6.24 million to €32.47 million (prev. year: €26.23 million).

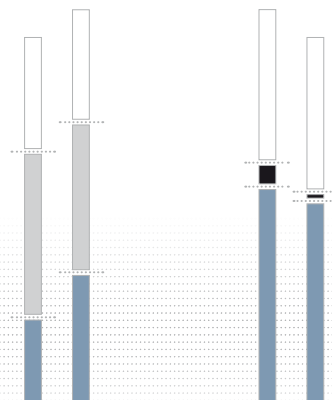
Both **equity capital and liabilities** were up on the previous year. As of the balance sheet date, equity amounted to €75.62 million (prev. year: €71.27 million). The **equity ratio** was unchanged from 2010 at 55%. The rise in equity resulted mainly from an increase in retained earnings of €2.50 million and a reduction in the consolidated balance sheet loss brought forward of €1.84 million to €-5.71 million (prev. year: €-7.55 million).

Among the **liabilities**, there was a strong rise in **non-current liabilities** and in particular other provisions. As of 31 December 2011, they amounted to €7.24 million (prev. year: €0.97 million). This increase was largely due to the formation of a provision for foreseeable earn-out payments in coming years to the former shareholders of Asymo AG and the acquired business operations of G2 Systems LLC.

There was a decline in **non-current liabilities** during the reporting period. Within this item, there was an increase in trade payables to €28.63 million (prev. year: €27.87 million); at the same time, other provisions fell to €17.07 million (prev. year: €18.20 million).

The **equity/non-current assets ratio** – the yardstick for solid balance sheet structures – declined to 147% during the past year (prev. year: 169%). The fall was due to the increase in goodwill.

Group balance sheet structure



ASSETS € million				2011	2010	EQUITY & LIABILITIES € million			
Cash and securities	□	40.32	39.68	54.07	55.22	□	Current liabilities		
Other current assets	■	58.77	53.25	8.59	2.09	■	Non-current liabilities		
Non-current assets	■	29.49	45.35	75.62	71.27	■	Equity capital		
		128.58	138.28	138.28	128.58				

Employees

As at 31 December 2011, there were 1,337 people in full-time employment throughout the GFT Group. This represents an increase of 37 employees, or 3%, over the previous year. This growth resulted mainly from the acquisitions of Asymo AG and the consulting division of G2 Systems.

25 new staff were hired in the Services division – an increase of 2%. In the Resourcing division, headcount rose by 8% to 108 employees. The number of staff employed by the holding company, attributed here to the »Others« category, also rose slightly. At year-end, a total of 44 people worked in this segment – 4 more than in 2010.

Employees by segment

	2011	2010
Services	1,185	1,160
Resourcing	108	100
Others	44	40
	1,337	1,300

The GFT Group’s average headcount in 2011 as a whole amounted to 1,315 – compared to 1,219 persons in 2010. Due to the winding down of business with a client in the field of Third Party Management, the number of freelance staff fell from 1,260 in the previous year to 1,163 as of year-end 2011.

In Germany, the GFT Group increased its workforce with the addition of 12 new employees. As of 31 December 2011, headcount here amounted to 289 persons. At the end of 2011, a total of 1,048 employees and thus 78% of the total GFT workforce were employed outside Germany (prev. year: 79% or 1,023 persons).

Employees by country

	2011	2010
Germany	289	277
Brazil	147	161
France	19	16
UK	33	32
Switzerland	54	25
Spain	775	786
USA	20	3
Total	1,337	1,300
Foreign share in %	78	79

Research and development

The GFT Group invested a total of €2.11 million in research and development during 2011; this corresponds to a year-on-year increase of 22% (prev. year: €1.73 million). The largest share of this total (€1.74 million or 82%) was accounted for by personnel expenses (prev. year: €1.54 million or 89%).

The year-on-year rise resulted mainly from R&D activities in connection with the following strategic initiatives launched in 2010 and continued in the reporting period:

a-touch: GFT continued to develop its IT-aided solution for advisors in the field of private banking and wealth management during 2011. The application provides system-supported implementation of compliance requirements and features additional security components which make it equally suitable for use on mobile devices.

SAP Competence Centre: In order to help financial institutes convert their systems to SAP software, GFT's experts at the SAP Competence Centre develop suitable application possibilities for the transformation process.

Mobile Finance: In 2011, GFT drove the development of platform-independent applications for financial service providers with the expansion of its Mobile Finance Competence Centre founded in 2009.

As of May 2011, all GFT activities in the field of applied innovation management have been pooled within the newly created internal »Applied Technologies Group«.

The »Finance IT« initiative for the development of innovative IT solutions for banks was completed in the second quarter of 2011.

As part of GFT's global quality drive, the optimisation of software development processes within the Group was continued in the past year. In June 2011, for example, GFT was able to renew the internationally recognised CMMI® certificate (Capability Maturity Model Integration) level 3, which it first acquired in 2008. In the Services division, the certificate has formed the basis for project management in the field of software and system development since 2005. The company thus meets the basic requirements to ensure consistently high quality in its global development efforts in future.

Subsequent events

No events occurred after the balance sheet date as at 31 December 2011 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. To this end, GFT intends to continually develop its opportunity and risk management system.

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 decentral-ly 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 focus mainly on clients in the financial services industry. Demand for IT services in the banking and insurance market was varied in 2011. Whereas the first half of the year was marked by strong demand, which helped GFT achieve further revenue growth, demand in the second half of 2011 was considerably lower. This led to a slight decline in revenue and margins for GFT, but at no time represented a serious risk.

With its successful M&A activities in Switzerland and the USA, GFT expanded its range of consulting services for banking solutions. This not only helped the company acquire new future markets and clients, but also spreads the risk by enlarging the company's range of services.

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 their top-quality implementation 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. The process was already re-certified in 2011.

There were no significant project risks or plan overruns in 2011. Thanks to improved processes for the project risk management and the respective separate project reviews, the group-wide installation of an Operational Risk Management & Quality Office in 2010 had a strongly positive impact.

■ Resourcing

As a result of the economic recovery in early 2011, there was a rise in demand for freelance IT specialists in almost all markets. GFT had already increased the number of skilled sales staff before the upturn and was thus able to benefit from this positive market development. In the past financial year, the company also succeeded in attracting numerous new clients. In terms of risk, this broadening of the client base reduces the company's dependency on individual customers.

Revenue from Third Party Management activities fell during the course of 2011. GFT's largest client in this field awarded this service to a competitor for the period beginning in mid 2011. As a result, GFT will suffer a considerable decline in Third Party Management revenue especially in 2012. Due to the low margins in this business field, however, there will be no significant negative impact on earnings.

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 in 2011. The aim is to guarantee consistently high quality in the company's Resourcing business and thus to maintain or raise customer satisfaction.

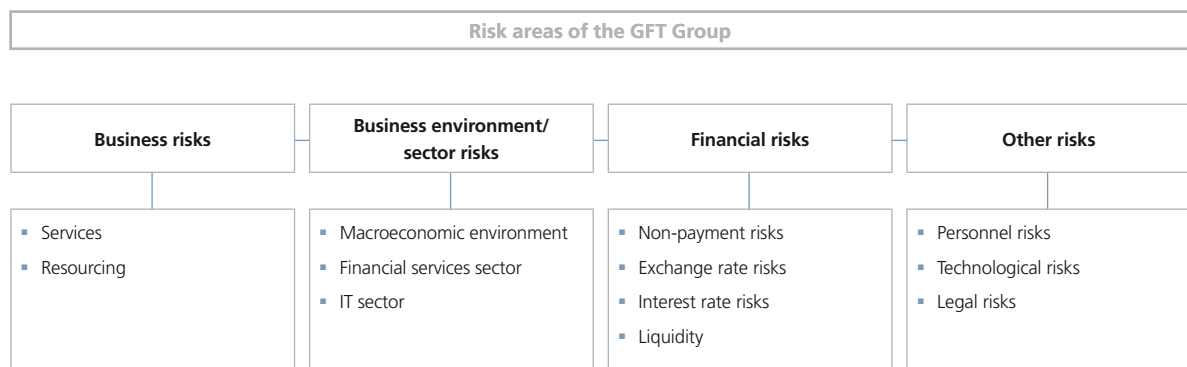
Business environment and sectors

■ **Macroeconomic environment**

The main macroeconomic risks and opportunities of the GFT Group include the overall economic situation, the general propensity to invest and price developments on the IT market. As a result of the European debt crisis, the second half of 2011 was dominated by considerable uncertainty in the banking sector. For the second half of 2012, increasing demand for IT services, especially in the field of banks and insurance, is already foreseeable. The strong demand for freelance IT specialists is expected to continue throughout 2012.

■ **Financial services industry**

In its financial year 2011, the GFT Group generated 65% of all revenue with its customers in the financial services industry (prev. year: 69%). 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 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 42% of revenue in 2011 (prev. year: 47%). The GFT Group mainly implements projects connected with the core applications of its clients. 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

In its operating business, 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. In the financial year 2011, the development of the Brazilian real in particular was closely monitored and analysed. Derivative financial instruments would have been used if the exchange rate for the Brazilian real against the euro had fallen below a pre-determined level. Due to the positive development compared to the previous year, however, this was not necessary.

GFT will continue to monitor the ongoing strong fluctuation of the Brazilian currency in 2012 and will implement the measures described before where necessary.

■ 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 2011.

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.

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.

Takeover-relevant information and remuneration system

Information pursuant to sec. 315 (2) No. 4 HGB

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 sec. 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 only implemented this legal revision in accordance with the governing regulations in the case of one new contract and one contract extension. Moreover, these legal regulations apply for all new service contracts of the Executive Board, and also in the case of re-appointments.

During the past financial year, total remuneration for members of the Executive Board amounted to €1.97 million (previous year: €1.90 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: €82 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 sec. 315 (4) HGB

Structure of the share capital (No. 1): As at 31 December 2011 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 2011, 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 28.08% 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 30 May 2016 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:

Conditional Capital II/2007 (sections 192 et seq. German Stock Corporation Act) is regulated in section 4 (6) of the Articles of Association.

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.

Forecast report

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.

Macroeconomic development

According to experts, the prospects for the global economy depend more than usual on specific events – the type and timing of which are both highly uncertain. These events certainly include the debt crisis of the European Monetary Union and a more restrictive fiscal policy in the United States. The latest forecasts of the Organisation for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF) for 2012 are correspondingly downbeat. Both expect slower economic growth than in 2011, especially in the Euro zone.

In its economic outlook of November 2011 for the year 2012, the OECD forecasts global economic growth of 3.4% – or 0.4%-points less than 2011. In the Euro zone, growth is expected to slow from 1.6% to just 0.2% in 2012. The economic prospects are already based on the premise that monetary policy remains highly expansionary, that the Euro problem can be contained, and that fiscal tightening in the USA is avoided. A similar view is taken by the IMF in its World Economic Outlook of January 2012, which forecasts global economic growth of just 3.3% for 2012 – and thus significantly below 2011. The IMF even predicts a decline in economic output for the Euro zone of 0.5%-points.

Due to weaker exports and capital spending, the OECD believes that Germany's economic growth will begin to falter in the early part of the year. As the general uncertainty begins to lift and trade picks up, however, prospects may begin to improve during the course of the year. The IMF forecasts growth of 0.3% for 2012, compared with 3.0% in 2011. The German Council of Economic Experts is similarly pessimistic. In their annual survey for 2011/12, the experts forecast a decline of more than 2%-points to growth of just 0.9%. Should the debt crisis deteriorate any further, this growth may be cut by a further 0.5%-points. In the case of international turmoil with a stagnation of global trade, the experts even forecast a recession for Germany in 2012.

Sector development

According to the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM), Europe's debt crisis has had no significant impact on the German IT market so far. The sector is expected to make very strong progress in 2012. In its March 2012 forecast, the association anticipates annual revenue of €72.4 billion, corresponding to growth of 3.1%. In 2011, growth had reached 3.2%. The IT Services segment alone is expected to achieve sales of €34.9 billion and thus grow by 2.5%. The results of BITKOM's survey of sector mood in November 2011 also highlight the healthy level of business confidence in Germany's Information and Communication Technology (ICT) sector. According to the survey, three quarters of all companies interviewed expect increasing revenues – among IT Service companies, the figure is as high as 86%.

The association believes that cloud computing, mobile apps and security solutions will be the most important technological and market trends. Social media used in a business context will also grow in importance. Moreover, BITKOM expects that »intelligent networks« will be an important political topic in 2012. The shortage of skilled labour will continue to be a critical factor for sector growth. 60% of companies complain of a lack of highly skilled IT specialists.

Revenue and earnings forecast

Based on the macroeconomic conditions and sector development described above, the GFT Group has issued the following forecast for revenue and earnings in 2012:

Business will be dominated by economic fluctuations and diverging growth rates in various sectors and countries. Whereas the current uncertainties on the financial markets are likely to dampen investments in the finance sector during the first half of the year, capital spending is expected to remain high in the industrial sector throughout the year. With its broad portfolio of services and international alignment, the GFT Group will be able to react flexibly to such cyclical fluctuations in these sectors and balance out their opposing effects. Due to the differing business models and client profiles of its two segments, the Resourcing and Services divisions, the GFT Group believes it can fully utilise the specific opportunities and continue to add further growth fields.

With its international network of experts, the **Resourcing** segment is well placed to serve the growing need for specialists used in international projects. Strong demand for freelance IT specialists and engineers in the industrial sector will enable the segment to maintain its dynamic growth trajectory. Above-average growth rates are expected especially in France and Germany. By continuing its effective cost management and focusing on its higher-margin Resource Management business, this revenue growth will also have a positive impact on segment earnings. The complete reduction in business with a major client in the finance sector as of year-end 2011 will reduce revenue by around €48 million in the current financial year. Due to the low margins in this business, however, it will not have a noticeable impact on segment earnings. After adjustment for the aforementioned major client, GFT expects above-average growth of 16% in the Resourcing segment for 2012.

In 2012, the **Services** division will utilise the expected upturn in the finance sector during the second half of the year and aims to raise segment revenue by 10%. Following restrained demand from the finance sector in late 2011, it is expected that postponed investments will begin to be made in various areas during the course of the second quarter. The rising demand for smart IT solutions in corporate and investment banking, for example, is likely to drive growth. At the same time, financial institutes will need intelligent IT solutions to implement compliance regulations and are expected to make more extensive investments in their customer management and core banking systems. Revenues from outsourcing services are likely to remain stable at their current high level. In addition, financial institutes will be focusing increasingly on innovative topics in the field of mobile banking during 2012 and thus seeking competent IT partners. With its extensive know-how and numerous innovative and secure solutions on the market, GFT already occupies these future topics and is well placed to efficiently serve the growing demand.

The GFT Group therefore expects a moderately positive development of business in financial year 2012. Significant organic growth in both segments will help offset the noticeable loss in revenue from a major client in the Resourcing segment and result in a solid overall performance. In the current financial year, the Executive Board expects revenue of €250 million and pre-tax earnings of €12 million.

In view of the perfect alignment of the company's structures with its various regions and markets, we remain optimistic regarding the further development of our business. By strictly pursuing internal programmes to raise efficiency and focusing on future topics, we aim to take a further significant step towards sustainable growth in 2013. The Group also plans to support its ongoing international alignment by means of targeted acquisitions. With regard to the Group's medium-term development, we continue to target revenue of €500 million in 2015.

Stuttgart, 21 March 2011

GFT Technologies Aktiengesellschaft


The Executive Board



Ulrich Dietz
(Chairman of the
Executive Board)



Jean-François Bodin
(Member of the
Executive Board)



Marika Lulay
(Member of the
Executive Board)



Dr. Jochen Ruetz
(Member of the
Executive Board)

CONSOLIDATED BALANCE SHEET

as at 31 December 2011

GFT Technologies Aktiengesellschaft, Stuttgart

Assets

€	Notes	31.12.2011	31.12.2010
Non-current assets			
Intangible assets			
Licences, industrial property rights and similar rights	①	945,085.00	431,980.03
Goodwill	①	36,399,830.18	20,367,546.07
		37,344,915.18	20,799,526.10
Tangible assets			
Other equipment, office and factory equipment	②	2,752,150.63	2,601,922.52
Construction on foreign property	②	54,780.08	104,365.67
		2,806,930.71	2,706,288.19
Financial assets			
Securities	③	6,225,839.07	12,702,271.24
Financial assets, accounted for using the equity method	③	47,356.10	44,008.95
Investments	③	0.00	0.00
		6,273,195.17	12,746,280.19
Other financial assets	⑥	433,155.26	404,771.40
Current tax assets	⑩	514,567.53	585,029.38
Deferred tax assets	⑩	4,201,543.60	4,948,002.63
		51,574,307.45	42,189,897.89
Current assets			
Trade receivables	⑤	50,962,108.83	54,799,670.75
Securities	⑦	982,520.00	1,384,000.00
Current tax assets	⑩	582,758.96	243,550.42
Cash and cash equivalents	⑦	32,472,593.37	26,232,995.13
Other financial assets	⑥	402,304.83	1,908,480.55
Other assets	⑥	1,305,256.69	1,819,106.38
		86,707,542.68	86,387,803.23
Non-current assets and disposal groups held for sale	⑦II	0.00	0.00
		86,707,542.68	86,387,803.23
		138,281,850.13	128,577,701.12

Shareholders' Equity and Liabilities

€	Notes	31.12.2011	31.12.2010
Shareholders' equity			
Equity attributable to equity holders of the parent			
Share capital	8	26,325,946.00	26,325,946.00
– Conditional capital €7,500,000.00 (prev. year: €8,280,000.00)			
Capital reserve	8	42,147,782.15	42,147,782.15
Retained earnings			
Other retained earnings	8	12,743,349.97	10,243,349.97
Changes in equity not affecting net income			
Foreign currency translations	8	728,294.52	535,311.01
Reserve of market assessment for securities	8	-615,885.24	-427,800.00
Consolidated balance sheet loss	8	-5,713,702.92	-7,554,412.13
		75,615,784.48	71,270,177.00
Interests of non-controlling equity holders	8	0.00	0.00
		75,615,784.48	71,270,177.00
Liabilities			
Non-current liabilities			
Provisions for pensions	9	769,718.38	652,225.40
Other provisions	11	7,235,803.15	969,795.00
Deferred tax liabilities	10	585,985.06	469,197.24
		8,591,506.59	2,091,217.64
Current liabilities			
Other provisions	11	17,067,647.30	18,195,205.23
Current income tax liabilities	10	1,333,795.95	1,285,617.34
Trade payables	12	28,632,433.78	27,873,659.18
Other financial liabilities	12 13	588,991.71	1,280,467.48
Other liabilities	12 13	6,451,690.32	6,581,357.25
		54,074,559.06	55,216,306.48
Liabilities directly associated with non-current assets and disposal groups held for sale	VII	0.00	0.00
		54,074,559.06	55,216,306.48
		62,666,065.65	57,307,524.12
		138,281,850.13	128,577,701.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2011 to 31 December 2011
GFT Technologies Aktiengesellschaft, Stuttgart

Partial Statement Affecting Net Income: Consolidated Income Statement

€	Notes	2011	2010
Revenue	15	272,381,190.31	248,263,464.73
Other operating income	16	2,353,923.18	3,534,880.76
		274,735,113.49	251,798,345.49
Cost of materials:			
a) Expenses for raw materials and supplies and for purchased goods	17	39,812.06	24,872.97
b) Costs of purchased services	17	157,340,479.41	142,037,925.62
		157,380,291.47	142,062,798.59
Personnel expenses:			
a) Salaries and wages	17	68,203,624.11	63,157,297.71
b) Social security and expenditures for retirement pensions	9 17	14,130,151.21	13,321,588.14
		82,333,775.32	76,478,885.85
Depreciation on non-current intangible assets and of tangible assets	18	1,354,246.93	1,176,114.74
Other operating expenses	19	22,826,726.22	21,058,533.69
Result from operating activities		10,840,073.55	11,022,012.62
Other interest and similar income	21	711,915.29	734,481.04
Income from investments	3	20,000.00	0.00
Profit share from associates	3	3,347.15	-6,167.20
Depreciation on securities	7 18	373,523.92	141,154.95
Interest and similar expenses	21	156,602.64	57,095.18
Financial result		205,135.88	530,063.71
Earnings before taxes		11,045,209.43	11,552,076.33
Taxes on income and earnings	10	2,755,608.32	3,304,121.93
Net income from continued operations		8,289,601.11	8,247,954.40
Net loss from discontinued operations	VII	0.00	-474,535.70
Net income		8,289,601.11	7,773,418.70
– attributable to non-controlling equity holders	8	0.00	0.00
– attributable to equity holders of the parent (consolidated net income)	8	8,289,601.11	7,773,418.70
Loss carried forward from previous year		-11,503,304.03	-13,627,830.83
Allocations to retained earnings			
– to other retained earnings	8	-2,500,000.00	-1,700,000.00
Consolidated balance sheet loss		-5,713,702.92	-7,554,412.13
Net earnings per share – undiluted	24	0.31	0.30
Net earnings per share – diluted	24	0.31	0.30
Net earnings per share from continued operations – undiluted	24	0.31	0.31
Net earnings per share from continued operations – diluted	24	0.31	0.31

Partial Statement Not Affecting Net Income: Consolidated Income Statement

€	Notes	2011	2010
Net income		8,289,601.11	7,773,418.70
Financial assets available for sale (securities):			
– Change of fair value recognised in equity during the financial year	7 14	-261,229.49	253,050.00
– Reclassification amounts to the income statement	7 14	0.00	-295,350.00
		-261,229.49	-42,300.00
Exchange differences on translating foreign operations:			
– Profits/losses during the financial year	14	192,983.51	394,733.37
– Reclassification amounts to the income statement		0.00	0.00
		192,983.51	394,733.37
Income taxes on components of other result	14	73,144.25	24,920.00
Other result		4,898.27	377,353.37
Total result		8,294,499.38	8,150,772.07
– thereof attributable to non-controlling shareholders	8	0.00	0.00
– thereof attributable to shareholders of parent company	8	8,294,499.38	8,150,772.07

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 December 2011¹

GFT Technologies Aktiengesellschaft, Stuttgart

€	Subscribed capital	Capital reserve	Retained earnings
			Other retained earnings
As at 01/01/2010	26,325,946.00	42,147,782.15	8,543,349.97
Dividend payment			
Total income and expenses for financial year 2010			
Allocations to retained earnings			
– to other retained earnings			1,700,000.00
As at 31/12/2010	26,325,946.00	42,147,782.15	10,243,349.97
Dividend payment			
Total income and expenses for financial year 2011			
Allocations to retained earnings			
– to other retained earnings			2,500,000.00
As at 31/12/2011	26,325,946.00	42,147,782.15	12,743,349.97

¹ 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				
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
		-3,948,891.90	-3,948,891.90	0.00	-3,948,891.90
192,983.51	-188,085.24	8,289,601.11	8,294,499.38	0.00	8,294,499.38
		-2,500,000.00	0.00	0.00	0.00
728,294.52	-615,885.24	-5,713,702.92	75,615,784.48	0.00	75,615,784.48

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January 2011 to 31 December 2011¹
GFT Technologies Aktiengesellschaft, Stuttgart

€	2011	2010
Net income	8,289,601.11	7,773,418.70
Depreciation on non-current intangible and tangible assets as well as financial assets	1,354,246.93	1,192,980.74
Changes in provisions	-3,373,728.24	4,324,451.02
Other non-cash expenses/income	279,311.60	310,588.30
Profit from the disposal of long-term tangible and intangible assets as well as financial assets	38,353.35	-301,000.00
Changes in trade receivables	5,258,766.69	-12,996,771.78
Changes in other assets	2,520,840.24	-996,949.64
Changes in trade liabilities and other liabilities	-1,151,280.04	7,611,325.90
Other changes in equity	961,847.42	394,733.37
Cash flow from operating activities²	14,177,959.06	7,312,776.61
Cash payments to acquire tangible assets	-1,143,108.34	-1,411,448.10
Cash payments to acquire non-current intangible assets	-419,403.80	-318,918.15
Cash receipts from sales of financial assets	6,226,500.00	0.00
Cash payments to acquire financial assets	0.00	-12,735,977.81
Cash receipts from sale of consolidated companies net of cash and cash equivalents disposed of ³	0.00	-1,331,471.43
Cash payments to acquire consolidated companies net of cash and cash equivalents acquired	-8,653,456.78	0.00
Cash receipts for the short-term financial management of cash investments	0.00	1,150,000.00
Cash flow from investing activities	-3,989,468.92	-14,647,815.49
Payments to shareholders	-3,948,891.90	-2,632,594.60
Cash flow from financing activities	-3,948,891.90	-2,632,594.60
Change in cash funds from cash-relevant transactions	6,239,598.24	-9,967,633.48
Cash funds at the beginning of the period	26,232,995.13	36,200,628.61
Cash funds at the end of the period	32,472,593.37	26,232,995.13

¹ 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 (2010).

² Cash flow from operating activities contains cash flow from income taxes of €-2,145 thousand (net pay-out; prev. year: €-2,347 thousand).

Cash flow from operating activities also contains cash flow from interest paid of €181 thousand (prev. year: €31 thousand) and cash flow from interest received of €913 thousand (prev. year: €533 thousand).

³ The item mainly concerns discontinued operations (2010).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2011
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 2011 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 2011 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 21 March 2012; the Supervisory Board of GFT AG will decide on the adoption of the Consolidated Financial Statements in late March 2012.

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 2011

The table below presents those pronouncements and amendments released by the IASB for initial application in financial year 2011 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	
IAS 24	Related Party Disclosures (Revised 2009)
IAS 32	Financial Instruments: Presentation (Amendments 2009)
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Various	Improvements to IFRSs (from May 2010)

The main amendments to IAS 24 (2009) relate to the fundamental revision of the definition of related party and a simplification of disclosure requirements for government-related entities.

The amendments to IAS 32 (2009) state that certain rights issues and options denominated in a currency other than the functional currency are to be disclosed by the issuer, to whose equity capital instruments these rights refer, as equity capital; such rights were previously carried as liabilities.

The amendment in IFRIC 14 (2009) is relevant if a company with minimum funding requirements in connection with its pension plans makes an early payment of contributions to such plans. The amendment permits companies to recognize the benefit from such pre-payments as an asset.

IFRIC 19 (2009) is to be applied if a borrower fully or partially extinguishes a financial liability by the issue of equity instruments to the lender.

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 2011.

Standard/Interpretation	Applicable to financial years from	Planned first application at GFT from	
IFRS 1	First application of IFRS (Amendments December 2010) ^{1,3}	1 July 2011	1 January 2012
IFRS 7	Financial Instruments: Disclosures (Amendments of October 2010) ¹	1 July 2011	1 January 2012
IFRS 7	Financial Instruments: Disclosures (Amendments of December 2011) ^{3,4}	1 January 2013	1 January 2013
IFRS 9	Financial Instruments ^{3,4}	1 January 2015	1 January 2015
IFRS 10	Consolidated Financial Statements ^{3,4}	1 January 2013	1 January 2013
IFRS 11	Joint Arrangements ^{3,4}	1 January 2013	1 January 2013
IFRS 12	Disclosures of Interests in Other Entities ^{3,4}	1 January 2013	1 January 2013
IFRS 13	Fair Value Measurement ^{3,4}	1 January 2013	1 January 2013
IAS 1	Presentation of Financial Statements (Amendment June 2011) ^{1,3}	1 July 2012	1 January 2013
IAS 12	Income Taxes (Amendment December 2010) ^{1,3}	1 January 2012	1 January 2012
IAS 19	Employee Benefits (Amendment June 2011) ^{3,4}	1 January 2013	1 January 2013
IAS 27	Separate Financial Statements (May 2011) ^{3,4}	1 January 2013	1 January 2013
IAS 28	Investments in Associates and Joint Ventures (May 2011 version) ^{3,4}	1 January 2013	1 January 2013
IAS 32	Financial Instruments: Presentation (December 2011) ^{3,4}	1 January 2014	1 January 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine ^{1,3}	1 January 2013	1 January 2013

¹ No notable effects are expected on the Consolidated Financial Statements of GFT AG.

² Mainly additional/modified notes to the Consolidated Financial Statements of GFT AG are expected.

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

⁴ Effect on the Consolidated Financial Statements of GFT AG still has to be ascertained.

⁵ Subject to outstanding endorsement by the EU.

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

In May 2011, four new standards were published (IFRS 10, 11, 12, 13) which are to be applied as of 1 January 2013 (subject to adoption in European law). IFRS 10, 11 and 12 deal with questions of consolidation, joint arrangements and the disclosure of interests in subsidiaries and associated companies. As a result of the new standards, revised versions of IAS 27 and IAS 28 were published. IFRS 13 establishes a standard definition and measurement principles for fair value as well as the related disclosures in the notes.

III. Consolidated group

In addition to GFT Technologies AG (»GFT AG«), the Consolidated Financial Statements as at 31 December 2011 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
- 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., Sao Paulo, Brazil
- GFT USA, Inc., New York, USA
- emagine gmbh, Eschborn
- GFT Flexwork GmbH, Stuttgart
- GFT Innovations GmbH, Stuttgart
- GFT Financial Solutions AG, Opfikon, Switzerland (initial consolidation)
- GFT Software Factory Iberia, S.L.U., Lleida, Spain (initial consolidation)
- GFT UK Invest Limited, London, UK (initial consolidation).

Compared to the Consolidated Financial Statements as at 31 December 2010, the following changes have resulted for the consolidated group and the subsidiaries.

On 10 February 2011, GFT UK Limited, London, founded the company GFT UK Invest Limited, domiciled in London. The newly formed company has been included in the consolidated group since 10 February 2011. Since its foundation, GFT UK Invest Limited has not yet developed any operating activities of note; its initial inclusion in the consolidated accounts had no significant impact on the assets, financial and earnings position of the Group.

The amendments to IAS 1 require separate presentation of items not recognised in profit and loss within other comprehensive income, depending on whether they will be subsequently reclassified to profit and loss or not.

The amendments to IAS 19 mainly concern the elimination of the so-called »corridor approach«, i.e. the subsequent recognition in profit or loss of actuarial gains and losses in following periods.

On 9 June 2011, GFT AG acquired all shares in Asymo AG, Adliswil, Switzerland (as of 26 August 2011, GFT Financial Solutions AG, Opfikon). The aforementioned company was initially included in the consolidated group as of the acquisition date of 9 June 2011. In the financial year 2011, its contribution to revenues of the GFT Group amounted to €4,493 thousand with a contribution to net income of this period of €893 thousand. As of 31 December 2011, GFT Financial Solutions AG accounted for 3.2% of the Group's total assets. Initial inclusion in the consolidated accounts therefore had an impact on the Group's assets, financial and earnings position and impaired comparability with prior-year figures.

On 14 July 2011, GFT Iberia Holding, S.A.U., Sant Cugat del Vallès, Spain, founded GFT Software Factory Iberia, S.L.U., domiciled in Lleida, Spain. The newly formed company has been included in the consolidated group since 14 July 2011. Since its foundation, GFT Software Factory Iberia, S.L.U. has not yet developed any operating activities; its initial inclusion in the consolidated accounts had no significant impact 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 percent (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.

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.

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 recognised on 31 December 2011, concern the shares in eQuadriga Software Private Limited, Trichy, India, as well as shares in the Youdress GmbH, Stuttgart. 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).

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

Financial assets

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

- **Financial assets measured at fair value through profit or loss** comprise the financial assets held for trading purposes, including derivatives, unless they have been designated as hedging instruments and are effective as such. Certain securities existing at the time, which were classified as at fair value through profit or loss in the course of the initial application of the revised IAS 39 in 2005 also fall into this category. Amendments to the fair value of financial assets in this category are recorded as recognised in profit or loss at the time of the increase in value or impairment.
- **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are valued at amortised cost using the effective interest method. The trade receivables, the financial receivables shown in the other assets and cash and cash equivalents are assigned to this valuation category. Profits and losses are recorded in the consolidated profit or loss if the loans and receivables are written off or depreciated. The interest effects from applying the effective interest method are also recorded as being recognised in profit or loss.
- **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. In the previous year, held-to-maturity financial investments were securities disclosed under financial assets. We refer to the explanations in point 3 of the Notes to the Consolidated Financial Statements.
- **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 30.5% (prev. year: between 25.6% and 28.0%). The tax rates applicable for foreign subsidiaries are between 26.02% and 34.0% (prev. year: 21.3% and 50.1%).

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 retained in contrast to the original plan due to the developing sales process; this decision had no impact on the net income of the financial year 2010. The disposal of the Software segment resulted in a loss of €464 thousand in 2010.

The net loss after taxes of the discontinued operation is disclosed in a separate line of the Consolidated Statement of Comprehensive Income (2010) (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.

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 operations	Discontinued 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 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 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 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
Result from operating activities	11,022,012.62	-264,273.58	72,855.92	10,830,594.96
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
Earnings before taxes	11,552,076.33	-267,392.87	72,855.92	11,357,539.38
Taxes on income and earnings	3,304,121.93	279,998.75		3,584,120.68
Net income/net loss	8,247,954.40	-547,391.62	72,855.92	7,773,418.70

Net cash flows from operating activities, as well as from investing and financing activities, are allocated to continued and discontinued operations (2010) as follows:

	Continued operations	Discontinued 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
Change in cash funds from cash-relevant transactions	-9,239	-729	-9,968
Cash funds at the beginning of the period	35,472	729	36,201
Cash funds at the end of the period	26,233	-	26,233

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 2011

GFT Technologies Aktiengesellschaft, Stuttgart

€	Acquisition or production costs					As at 31.12.2011
	As at 01.01.2011	Additions from changes in consolidated group	Additions from reclassifications (R)	Disposals from reclassifications (R)	Currency changes	
Intangible assets						
Intangible assets in use	2,559,052.74	443,940.64	410,463.80 76,587.45 (R)	0.00	-25,755.84	3,464,288.79
Prepaid expenses	76,587.45	0.00	8,940.00	76,587.45 (R)	0.00	8,940.00
Licences, industrial property rights and similar rights	2,635,640.19	443,940.64	419,403.80 76,587.45 (R)	76,587.45 (R)	-25,755.84	3,473,228.79
Goodwill	20,367,546.07	15,817,033.21	0.00	0.00	215,250.90	36,399,830.18
	23,003,186.26	16,260,973.85	419,403.80 76,587.45 (R)	76,587.45 (R)	189,495.06	39,873,058.97
Tangible assets						
Other equipment, office and factory equipment in use	9,531,555.51	48,782.02	1,138,804.39	194,921.70	-40,003.09	10,484,217.13
Prepaid expenses	0.00	0.00	4,303.95	0.00	0.00	4,303.95
Construction on foreign property	257,614.05	0.00	0.00	0.00	0.00	257,614.05
	9,789,169.56	48,782.02	1,143,108.34	194,921.70	-40,003.09	10,746,135.13
Financial assets						
Securities	12,846,545.01	0.00	0.00	6,379,757.59	0.00	6,466,787.42
Financial assets reported according to the equity method	44,008.95	0.00	10,318.40	6,971.25	0.00	47,356.10
Investments	1,209,503.00	0.00	0.00	0.00	0.00	1,209,503.00
	14,100,056.96	0.00	10,318.40	6,386,728.84	0.00	7,723,646.52
	46,892,412.78	16,309,755.87	1,572,830.54 76,587.45 (R)	6,581,650.54 76,587.45 (R)	149,491.97	58,342,840.62

Explanations of the Consolidated Balance Sheet
and Consolidated Income Statement

Depreciation					Book values	
As at				As at	As at	As at
01.01.2011	Depreciation of the financial year scheduled	Disposals	Currency changes	31.12.2011	31.12.2011	31.12.2010
2,203,660.16	311,420.74	0.00	13,062.89	2,528,143.79	936,145.00	355,392.58
0.00	0.00	0.00	0.00	0.00	8,940.00	76,587.45
2,203,660.16	311,420.74	0.00	13,062.89	2,528,143.79	945,085.00	431,980.03
0.00	0.00	0.00	0.00	0.00	36,399,830.18	20,367,546.07
2,203,660.16	311,420.74	0.00	13,062.89	2,528,143.79	37,344,915.18	20,799,526.10
6,929,632.99	993,240.60	173,227.11	-13,276.03	7,736,370.45	2,747,846.68	2,601,922.52
0.00	0.00	0.00	0.00	0.00	4,303.95	0.00
153,248.38	49,585.59	0.00	0.00	202,833.97	54,780.08	104,365.67
7,082,881.37	1,042,826.19	173,227.11	-13,276.03	7,939,204.42	2,806,930.71	2,706,288.19
144,273.77	233,273.41	136,598.83	0.00	240,948.35	6,225,839.07	12,702,271.24
0.00	0.00	0.00	0.00	0.00	47,356.10	44,008.95
1,209,503.00	0.00	0.00	0.00	1,209,503.00	0.00	0.00
1,353,776.77	233,273.41	136,598.83	0.00	1,450,451.35	6,273,195.17	12,746,280.19
10,640,318.30	1,587,520.34	309,825.94	-213.14	11,917,799.56	46,425,041.06	36,252,094.48

CONSOLIDATED FIXED ASSETS 2010

GFT Technologies Aktiengesellschaft, Stuttgart

€	Acquisition or production costs					As at 31.12.2010
	As at 01.01.2010	Additions	Disposals	Disposal of discontinued operations	Currency changes	
Intangible assets						
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 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
	24,221,944.31	318,918.15	1,589,856.03	6,250.00	58,429.83	23,003,186.26
Tangible assets						
Other equipment, office and 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
	8,328,902.76	1,411,448.10	80,681.31	4,210.00	133,710.01	9,789,169.56
Financial assets						
Securities	0.00	12,846,545.01	0.00	0.00	0.00	12,846,545.01
Financial assets reported 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
	1,245,668.05	12,861,428.76	7,039.85	0.00	0.00	14,100,056.96
	33,796,515.12	14,591,795.01	1,677,577.19	10,460.00	192,139.84	46,892,412.78

Explanations of the Consolidated Balance Sheet
and Consolidated Income Statement

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

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 budgeted for the upcoming 2012 financial year, which was carried forward with defined growth rates for the subsequent three years. Fourth year values were then considered as constant for the extended future. Cash flows were discounted with a uniform discount rate of 8.5% (prev. year: 8.5%) 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, based on planning for the financial year 2012, can be increased by 5% in the years 2013 to 2015 and thereafter maintained at a high level. For the cash-generating segment »Resourcing«, management assumes growth, based on planning for the financial year 2012, of 3% for existing and new client business in each of the years 2013 to 2015 and thereafter a consistently high level. 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.	31.12.2011	31.12.2010
Cash-generating units		
Services – Finance & Insurance	30,371	14,339
Services – Postal & Logistics & Others	–	–
Resourcing	6,029	6,029
	36,400	20,368

Due to the results of the impairment test in financial year 2011 (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.	2011
Carrying value = gross amount 1/1/2011	20,368
Addition from acquisition of GFT Financial Solutions AG, Switzerland (formerly Asymo AG, Switzerland)	10,983
Addition from acquisition of consulting division of G2 Systems LLC, USA	5,049
Carrying value = gross amount 31/12/2011	36,400

Details on the acquisition of the two above mentioned units (business combination) are provided under point 22 of the Notes to the Consolidated Financial Statements.

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

Intangible assets reported under licenses, industrial property rights and similar rights relate to software acquired for consideration, as well as identifiable customer bases from the acquisition of GFT Financial Solutions AG, Switzerland, and the consulting division of G2 Systems LLC, USA (€945 thousand; prev. year: €432 thousand).

2 Tangible assets

The development of tangible assets of the GFT Group is presented on pages 44–47.

As in the previous year, non-scheduled depreciation on property, plant and equipment due to impairment was not necessary in the financial year 2011.

3 Financial assets**Securities**

A more than insignificant amount of the securities disclosed as of 31 December 2010 as »held-to-maturity« were sold in the financial year 2011. The remaining share of these securities were therefore reclassified to the »available-for-sale financial assets« category. The reclassification

was made as of 30 June 2011. The carrying value of the reclassified securities amounted to €6,163 thousand. The securities available as of 31 December 2011 consist of interest-bearing debt instruments and are broken down as follows:

€ thsd.	31.12.2011	31.12.2010
Category in accordance with IAS 39		
Held-to-maturity financial investments	–	12,590
Available-for-sale financial assets	6,114	–
Financial assets at fair value through profit and loss	112	112
	6,226	12,702

The measurement of securities disclosed as »held-to-maturity« until their reclassification resulted in expenses charged to profit or loss in financial year 2011 of €60 thousand (prev. year: €141 thousand). Due to the reclassification conducted on 30 June 2011, changes in fair value after this point were recognised directly in equity under »Reserve of market assessment for securities«. As of 31 December 2011, this led to an increase in the negative reserve of €112 thousand (prev. year: €0). The development of reserves is explained in point 7 of the Notes to the Consolidated Financial Statements.

The measurement of securities »measured at fair value through profit or loss« led to income recognised in the income statement of €0 in financial year 2011 (prev. year: €1 thousand).

The inventory of securities as at 31 December 2011 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 2011, 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 2011, concern the shares in eQuadriga Software Private Limited, Trichy, India (30.0%; prev. year: 30.0%) as well as the shares in Youdress GmbH, Stuttgart (50.0%; prev. year: 50%).

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 2011 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 2011 were recognised (as in the previous year) 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.	2011	2010
eQuadriga Software Private Limited:		
Disclosures to the balance sheet (31 December)		
Assets	141	132
Equity	140	113
Liabilities	1	19
Disclosures to the income statement		
Revenue	411	378
Profit/loss for the year	34	3

€ thsd.	2011	2010
Youdress GmbH:		
Disclosures to the balance sheet (31 December)		
Assets	90	97
Equity	-15	0
Liabilities	105	97
Disclosures to the income statement		
Revenue	20	0
Profit/loss for the year	-15	-14

The non-recognized pro rata loss of Youdress GmbH both for the period and accumulated amounts to €-0.4 thousand (prev. year: -).

Investments

The investments shown as financial assets are the investments in Thinkmap, Inc., New York, USA (5.9%; prev. year: 5.9%), as well as in incowia GmbH, Ilmenau (10.0%; prev. 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. In financial year 2011, incowia GmbH distributed €20 thousand to GFT AG.

4

Investment holdings

As at 31 December 2011 GFT AG holds direct and indirect shares of at least 20% in the following companies:

Name	Location	Share of the capital		Equity 31.12.2011		Results for the financial year 2011
Direct investments						
GFT Technologies (Schweiz) AG	Opfikon, Switzerland	99%	CHF	3,187,513.36	CHF	254,184.82
GFT UK Limited	London, UK	100%	EUR	1,686,645.70	EUR	2,108,039.47
GFT Iberia Holding, S.A.U.	Sant Cugat del Vallès, Spain	100%	EUR	6,035,855.95	EUR	2,566,771.25
GFT Resource Management GmbH	Eschborn, Germany	100%	EUR	1,790,642.03	EUR	0.00 ¹
GFT Technologies SARL	Neuilly-sur-Seine, France	100%	EUR	2,525,642.66	EUR	503,847.99
Youdress GmbH	Stuttgart, Germany	50%	EUR	-14,725.56	EUR	-14,815.43
GFT Holding France SARL	Neuilly-sur-Seine, France	100%	EUR	673.67	EUR	-566.33
eQuadriga Software Private Limited	Trichy, India	30%	INR	9,825,312.00	INR	2,417,054.00
GFT Innovations GmbH	Stuttgart, Germany	100%	EUR	6,972.40	EUR	-18,027.60
GFT Financial Solutions AG	Opfikon, Switzerland	100%	CHF	2,713,072.17	CHF	2,096,047.39
Indirect investments						
GFT IT Consulting, S.L.U.	Sant Cugat del Vallès, Spain	100%	EUR	7,811,935.37	EUR	2,930,646.60
GFT Brasil Consultoria Informática Ltda.	São Paulo, Brazil	100%	BRL	1,227,656.58	BRL	196,124.16
GFT USA, Inc.	New York, USA	100%	USD	199,530.96	USD	-14,975.33
emagine gmbh	Eschborn, Germany	100%	EUR	45,527.97	EUR	3,083.42
GFT Flexwork GmbH	Stuttgart, Germany	100%	EUR	375,000.00	EUR	0.00 ²
GFT Software Factory Iberia, S.L.U.	Lleida, Spain	100%	EUR	-8,453.74	EUR	-11,453.74
GFT UK Invest Limited	London, UK	100%	EUR	-92,398.40	EUR	-93,521.72

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

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

GFT Resource Management GmbH, Eschborn and GFT Flexwork GmbH, Stuttgart utilised exemptions from section 264 (3) of the German Commercial Code (HGB) in the fiscal year 2011.

5 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 €479 thousand (prev. year: €310 thousand). Trade receivables, in accordance with IAS 11, include realised revenue from unfinished projects as at the balance sheet date in the amount of €15,111 thousand (prev. year: €12,638 thousand) minus prepayments received in the amount of

€9,231 thousand (prev. year: €8,848 thousand). The gross receivable amounts for these projects running as of the balance sheet date comprise the incurred costs and recognized gains. Order revenue recognized in the period from production orders as defined by IAS 11 are not recognized separately by GFT.

The cumulative value adjustments on trade receivables developed as follows:

€ thsd.	2011	2010
As at 1 January	310	358
Transfers	199	72
Drawing	-46	-
Write-backs	-28	-105
Additions from changes in consolidated group	44	-
Disposals from changes in consolidated group	-	-18
Exchange rate effects and other changes	0	3
As at 31 December	479	310

6 Other assets

Other assets can be broken down as follows:

€ thsd.	31.12.2011	31.12.2010
Non-current assets		
Deposits	433	405
	433	405
Other current financial assets		
Deferred interest	127	328
Deposits	106	109
Receivables from employees	45	51
Creditors with debit balance	18	20
Other claims	–	1,300
Receivables from related parties	–	79
Others	106	21
	402	1,908
Other current assets		
Claims for VAT and other tax refunds	832	1,536
Accruals	466	268
Receivables from social security fund	7	15
Other	–	–
	1,305	1,819
Total current	1,708	3,727
Total other assets	2,140	4,132

7 Securities as well as cash and cash equivalents

As at 31 December 2011, GFT Group securities disclosed under current assets are used for contingency capital insurance and interest rate optimisation and consist of fixed and variable interest rate debt instruments.

They are broken down as follows:

€ thsd.	31.12.2011	31.12.2010
Category in accordance with IAS 39		
Financial assets at fair value through profit and loss	258	510
Financial assets available for sale	725	874
Total	983	1,384

The rating of the securities »measured at fair value through profit or loss« led to income for the total company in 2011 in the income statement of €- (prev. year: €40 thousand) and to expenses of €252 thousand (prev. year: €-).

In financial year 2011 as well as in financial year 2010, no securities from the category »measured at fair value through profit or loss« were bought or sold.

The amendment of the fair value of the securities »available for sale« led, as at 31 December 2011, to a lower negative »Reserve for the market assessment for securities« in equity of €149 thousand (prev. year: a lower negative reserve of €253 thousand). The sale of »available for sale« securities in financial year 2010 resulted in the recognition of €295 thousand in profit for the period result which was formerly included in equity; no »available for sale« securities were sold in financial year 2011.

€ thsd.	
As of 31/12/2010	-428
Change in the fair value of non-current securities (see point 3)	-112
Change in the fair value of current securities	-149
Income taxes	73
As of 31/12/2011	-616

As in the previous year, the inventory of securities as at 31 December 2011 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

As of 31 December 2011, the »Reserve for the market assessment for securities« amounts to €-689 thousand plus income taxes of €73 thousand (prev. year: €-428 thousand plus income taxes of €-).

In financial year 2011, the »Reserve for the market assessment for securities« developed as follows:

of interest payments. As in the previous year, there were no factors for impairment as of 31 December 2011.

Cash and cash equivalents of the total company include cash (€3 thousand; prev. year: €3 thousand) and short-term liquid credit at banks (€32,470 thousand; prev. year: €26,230 thousand).

8 Shareholders' equity

Please refer to the separately presented statement of changes in equity for the equity development during the financial years 2011 and 2010.

As at 31 December 2011 share capital in the amount of €26,325,946.00 consisted of 26,325.946 no-par bearer shares (unchanged from 31 December 2010) 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 2011 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 2011, €2,500 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 (prev. year: €1,700 thousand).

In the financial year 2011, a dividend of €0.15 per share was distributed to shareholders, totalling €3,949 thousand (prev. 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 (prev. year: €0.15 per share, totalling €3,949 thousand) from the balance sheet profit of GFT AG as at 31 December 2011.

Authorised capital

The Company's existing authorised capital, as defined in § 4 (5) of the Company's Articles, expired on 22 May 2011; the authorisation for this authorised capital was cancelled at the Annual General Meeting on 31 May 2011. New authorised capital was created as follows:

In accordance with the resolution passed by the Annual General Meeting of 31 May 2011, the Executive Board is authorised to increase the share capital on or before 30 May 2016, 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, neither at the time at which this authorisation becomes effective nor 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, neither at the time at which this authorisation becomes effective nor 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 2011, there was therefore unutilised authorised capital in the amount of €10,000,000.00 (31 December 2010: €10,000,000.00).

Conditional capital

Conditional capital amounted to €7,500,000.00 as at 31 December 2011 (prev. year: €8,280,000.00).

By resolution of the Annual General Meeting on 31 May 2011, Conditional Capital I/1999 amounting to €780,000.00 was cancelled. Conditional Capital II/2007 amounting to €7,500,000.00 continues to exist.

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 2011 for contribution-oriented plans to public and private pensions regulatory authority of €6,742 thousand (prev. year: €6,253 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 2011 and in the previous year. With regard to the addition in financial year 2011, we refer to the further explanations under this point.

»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 60 active insured parties and no pension recipient as at 31 December 2011 (prev. year: 31 active insured parties and one pension recipient).

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

	31.12.2011	31.12.2010
Discount rate (Germany)	4.3%	4.9%
Discount rate (Switzerland)	2.5%	3.0%
Expected increase in pensions (Germany)	2.0%	2.0%
Expected increase in pensions (Switzerland)	0.0%	0.0%
Expected salary increase (Germany)	2.75%	0.0%; 2.5%
Expected salary increase (Switzerland)	2.0%	2.0%
Expected return on plan assets	0.5%; 3.5%	0.5%; 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 2010).

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 (2011) and the four preceding years can be taken from the following table:

€ thsd.	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Present value of obligations for rights accrued	6,291	3,770	2,410	2,692	761
Plan assets at fair value	-4,524	-2,625	-1,855	-1,798	-
Net obligation	1,767	1,145	555	894	761

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Of the present value for rights accrued, €5,713 thousand (prev. year: €3,315 thousand) refer to pension plans that are financed completely or partially through plan assets, and €578 thousand (prev. year: €455 thousand) to pension plans that are not financed by plan assets.

The experience adjustments to the liabilities of the plans came to €119 thousand in financial year 2011 (2010: €56 thousand; 2009: €19 thousand); the experience adjustments to the plan assets came to €39 thousand (2010: €51 thousand; 2009 €30 thousand).

€ thsd.	2011	2010
Change in present value of defined benefits		
Present value of defined benefits 01/01	3,770	2,410
Addition of performance-oriented plans GFT Financial Solutions AG, Switzerland (prev. year: GFT AG)	1,453	409
Service cost for the period	525	262
Interest expense	149	97
Actuarial gains (-)/losses (+)	466	311
Pension payments	-160	-151
Currency differences	88	432
Defined benefits present value 31/12	6,291	3,770
Fair value of plan assets 31/12 to be enclosed	-4,524	-2,625
Net amount recognised	1,767	1,145
Adjustment due to non-realised actuarial gains (+)/losses (-)	-997	-493
Pension provisions	770	652

Additions to performance-oriented plans amounting to €1,453 thousand refer to the commitments resulting from the acquisition of GFT Financial Solutions AG, Opfikon, Switzerland (formerly Asymo AG, Adliswil, Switzerland) on 9 June 2011.

Additions to performance-oriented plans of GFT AG amounting to €409 thousand as of 31 December 2010 refer to a commitment disclosed as of 31 December 2009 under debt in direct connection with non-current assets and disposal groups held for sale. This 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).

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

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

€ thsd.	2011	2010
Change in the fair value of the plan assets		
Fair value 01/01	2,625	1,855
Addition of plan assets GFT Financial Solutions AG, Switzerland (prev. year: addition GFT AG)	1,410	250
Expected return on plan assets	109	70
Actuarial gains/losses	-38	-46
Contributions by employer	234	123
Contributions by employees	234	123
Benefits paid	-123	-126
Currency differences	73	376
Fair value 31/12	4,524	2,625

Employer contributions to the plan assets in the amount of €321 thousand and employee contributions in the amount of €321 thousand are expected for the following year (2012).

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

€ thsd.	2011	2010
Expected return on plan assets	109	70
Actuarial gain/loss from plan assets	-38	-46
Actual return on plan assets	71	24

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«).

(prev. year: the Baloise-Collective 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 2011 of the two Swiss companies

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

€ thsd.	2011	2010
Service cost for the period	525	262
Interest expense	149	97
Expected revenue from plan assets	-109	-70
Amortisation on actuarial gains (-)/losses (+)	10	0
Pension expenses	575	289

The pension expenses are included in personnel expenses.

10 Income tax

The item income tax shown in the income statement includes:

€ thsd.	2011	2010
Current tax expense	1,925	2,494
Deferred tax expense	831	1,090
Tax expense (total company, see page 28)	2,756	3,584

The current tax expense includes out of period current tax proceeds of €534 thousand (prev. year: €109 thousand).

The deferred income taxes were due to the following causes:

€ thsd.	2011	2010
From temporary differences	-5	439
From taxable loss carry-forwards	836	651
Deferred tax expense	831	1,090

The deferred tax expense includes a deferred tax expense due to depreciations of deferred tax assets of €- (prev. year: €102 thousand). From assets credited directly to the other result, deferred taxes of €-73 thousand (prev. year: €-25 thousand) resulted which could not be booked affecting net income. The change in tax rates led to a decline in the deferred tax expense of €9 thousand (prev. year: €-).

The deferred tax expense is reduced by the subsequent use of deferred tax assets on tax loss carry-forwards (€-; prev. year: €25 thousand) and temporary differences (€26 thousand; prev. year: €-).

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

€ thsd.	31.12.2011	31.12.2010
Claims to deferred tax assets	4,202	4,948
Ongoing claim to income tax (Assets from corporate tax according to § 37 KStG)	515	585
Short term assets from profits tax	583	244
	5,300	5,777

€ thsd.	31.12.2011	31.12.2010
Deferred tax liabilities	586	469
Current tax liabilities	1,334	1,286
	1,920	1,755

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

€ thsd.	31.12.2011	31.12.2010
Taxable loss carry-forwards	3,506	4,342
Other provisions	344	259
Intangible assets and equipment	161	198
Provisions for pensions	89	52
Anniversary and other provisions for employees	61	58
Provisions for possible losses	27	39
Securities	14	–
Claims to deferred tax assets	4,202	4,948

€ thsd.	31.12.2011	31.12.2010
Receivables	269	403
Intangible assets and equipment	187	7
Holdings	70	59
Other provisions	60	–
Deferred tax liabilities	586	469

There are loss carry forwards for German Group companies amounting to €18 thousand (prev. year: €-) for corporation tax/solidarity surcharge and loss carry forwards for trade tax of €18 thousand (prev. year: €-) 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 (prev. 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.

The deferred tax asset for the carry forward of unused tax losses as at 31 December 2011 refers to GFT Technologies AG (€3,506 thousand; prev. year: €4,309 thousand) and GFT Technologies (Schweiz) AG (€-; prev. year: €33 thousand). After GFT AG was able to use tax loss carry-forwards for the seventh consecutive year in the financial year 2011, 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.

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

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€ thsd.	2011	2010
Earnings before income taxes	11,045	11,358
Expected tax expenses at 28.0% (prev. year: 28.0%)	3,093	3,180
Other non tax-deductible expenses and tax-free income	206	391
Current financial year losses which cannot be offset by tax assets	6	14
Adjustment to tax claims	–	102
Retrospective application of deferred tax assets/use of tax loss carry forwards	-36	-202
Tax rate differences	20	161
Aperiodic effects (income tax for previous years)	-534	-109
Other tax effects	1	47
Effective tax expense	2,756	3,584
Effective tax rate	25.0%	31.5%

In financial year 2010, the tax expense of the discontinued operation amounted to €280 thousand for the loss from ordinary operations of the discontinued operation. 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 €23,146 thousand (prev. year: €14,334 thousand).

11 Other Provisions

The other provisions show the following trend in the financial year 2011:

€ thsd.	01.01.2011					31.12.2011
	As at	Addition from change in consolidated group	Consumption	Liquidation	Transfer	As at
Employee commissions/bonuses/ anniversaries/severance payments	9,020	372	-8,144	-482	7,429	8,195
Holiday obligations	1,835	–	-1,835	–	2,326	2,326
Contributions to industry associations	62	–	-62	–	78	78
Provisions for personnel costs	10,917	372	-10,041	-482	9,833	10,599
Subsequent purchase price payments from business combinations	–	8,215	–	–	245	8,460
Outstanding purchase invoices	4,067	–	-3,530	-213	3,306	3,630
Credits still to be awarded	878	–	-295	-207	34	410
Warranty	160	–	-40	-47	42	115
Possible losses from projects	48	–	–	-48	–	–
Other	3,095	–	-2,751	-68	813	1,089
Total	19,165	8,587	-16,657	-1,065	14,273	24,303

The increase in discounted amounts during the reporting period due to the lapse of time amounts to €148 thousand (prev. year: €40 thousand); the effect of changes in the discount rate amount to €0 (prev. year: €0).

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.	31.12.2011	31.12.2010
Other long-term provisions		
Subsequent purchase price payments from business combinations	6,138	–
Employee commissions/bonuses/anniversaries/ severance payments	975	854
Others	122	116
	7,235	970
Other short-term provisions	17,068	18,195
	24,303	19,165

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	31.12.2011		
Trade liabilities	28,632,433.78 (p. y. €27,874 thsd.)	0.00 (p. y. €- thsd.)	28,632,433.78 (p. y. €27,874 thsd.)		Usual reservation of property rights
Deferred tax liabilities	0.00 (p. y. €- thsd.)	0.00 (p. y. €- thsd.)	585,985.06 (p. y. €469 thsd.)		
Current income tax liabilities	1,333,795.95 (p. y. €1,286 thsd.)	0.00 (p. y. €- thsd.)	1,333,795.95 (p. y. €1,286 thsd.)		
Other financial liabilities	588,991.71 (p. y. €1,280 thsd.)	0.00 (p. y. €- thsd.)	588,991.71 (p. y. €1,280 thsd.)		
Other liabilities	6,451,690.32 (p. y. €6,581 thsd.)	0.00 (p. y. €- thsd.)	6,451,690.32 (p. y. €6,581 thsd.)		
	37,006,911.76 (p. y. €37,021 thsd.)	0.00 (p. y. €- thsd.)	37,592,896.82 (p. y. €37,490 thsd.)		

There are trade liabilities of €47 thousand (prev. year: €-) to companies with whom an equity interest exists as well as trade liabilities to associ-

ated companies of €17 thousand (prev. year: €23 thousand).

13 Other liabilities

Other liabilities are broken down as follows:

€ thsd.	31.12.2011	31.12.2010
Other current financial liabilities		
Liabilities to employees	242	221
Debitors with credit balances	190	887
Other	157	172
Total	589	1,280
Other current liabilities		
Wage tax, VAT, and other tax liabilities	3,387	3,595
Advance payments on orders	1,517	842
Liabilities from social security contributions	1,124	1,068
Deferred credits to income	424	1,050
Deferred interest for tax	-	26
Total	6,452	6,581
Total other liabilities	7,041	7,861

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 (2011 and 2010). 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 (2010).

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

€	2011			2010		
	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	-261,229.49	73,144.25	-188,085.24	253,050.00	-57,820.00	195,230.00
– Reclassification to the income statement	0.00	0.00	0.00	-295,350.00	82,740.00	-212,610.00
	-261,229.49	73,144.25	-188,085.24	-42,300.00	24,920.00	-17,380.00
Exchange differences on translating foreign operations	192,983.51	0.00	192,983.51	394,733.37	0.00	394,733.37
	-68,245.98	73,144.25	4,898.27	352,433.37	24,920.00	377,353.37

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 inhouse 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. It also includes disclosures concerning revenue from external clients for each group of comparable products and services.

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

€ thsd.	2011	2010
Total segment revenue	278,726	268,326
Elimination of inter-segment revenue	-6,848	-18,993
Occasionally occurring revenue	503	–
Group revenue	272,381	249,333
Total segment results (EBT)	12,494	12,121
Non-attributed expenses of Group HQ	-1,528	-763
Non-attributed income for elimination of the interim result	97	–
Others	-18	–
Group result before taxes	11,045	11,358

€ thsd.	31.12.2011	31.12.2010
Total segment assets	125,059	108,624
Non-attributed assets of Group HQ	117	91
Securities	7,208	14,086
Assets from income taxes	5,299	5,777
Others	599	–
Group assets	138,282	128,578
Total segment liabilities	59,914	55,134
Non-attributed liabilities of Group HQ	494	419
Liabilities from income taxes	1,920	1,755
Others	338	–
Group liabilities	62,666	57,308

SEGMENT REPORT

GFT Technologies Aktiengesellschaft, Stuttgart

€ thsd.	Services		Software	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
External sales	115,499	116,466	0	1,101
Inter-segment sales	3	9	0	32
Total revenues	115,502	116,475	0	1,133
Depreciation	-1,062	-1,018	0	-17
Non-cash income/expenditure other than depreciation	-21	47	0	-254
Interest income	185	150	0	0
Interest expenses	-77	-100	0	0
Share of net profits of associated companies reported according to the equity method	3	-6	0	0
Segment result (EBT)	9,005	9,403	0	-267
Segment assets	80,261	65,638	0	0
Investment in associates reported according to the equity method	47	44	0	0
Investment in non-current intangible and tangible assets	17,470	1,464	0	10
Segment liabilities	31,077	24,294	0	0

Explanations of the Consolidated Balance Sheet
and Consolidated Income Statement

Resourcing		Total		Eliminations		Consolidated	
31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
156,379	131,766	271,878	249,333	503	0	272,381	249,333
6,845	18,952	6,848	18,993	-6,848	-18,993	0	0
163,224	150,718	278,726	268,326	-6,345	-18,993	272,381	249,333
-250	-122	-1,312	-1,157	-42	-36	-1,354	-1,193
0	0	-21	-207	-258	-104	-279	-311
13	15	198	165	514	569	712	734
-92	-105	-169	-205	12	148	-157	-57
0	0	3	-6	0	0	3	-6
3,489	2,985	12,494	12,121	-1,449	-763	11,045	11,358
44,798	42,986	125,059	108,624	13,223	19,954	138,282	128,578
0	0	47	44	0	0	47	44
337	204	17,807	1,678	65	52	17,872	1,730
28,837	30,840	59,914	55,134	2,752	2,174	62,666	57,308

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, or revenue which only occasionally occurs for company activities, are also contained. The reconciliation also contains disclosures in connection with the activities of GFT Innovations GmbH. Business transactions between the segments are also eliminated in the reconciliation.

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

€ million	Revenue from sales to external clients ¹		Non-current intangible and tangible assets	
	2011	2010	31.12.2011	31.12.2010
Germany	145.0	139.0	32.7	21.8
UK	36.7	38.6	0.1	0.2
France	35.4	23.2	0.1	0.1
Spain	25.4	22.8	1.1	1.0
Switzerland	13.0	7.1	0.7	0.1
USA	7.4	6.6	5.2	0.3
Other foreign countries	9.5	12.0	0.3	0
Total ²	272.4	249.3	40.2	23.5

¹ Determined by client location

² Total company; we refer to point VII of the Notes to the Consolidated Financial Statements and page 28

Other non-current assets (excluding financial instruments) concern current and deferred tax claims and are attributable to Germany (€4.3 million; prev. year: €5.1 million) and other countries (€0.4 million; prev. year: €0.4 million)

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

€ thsd.	Revenue		Segments in which this revenue is generated	
	2011	2010	2011	2010
Client 1	114,677	117,749	Services, Resourcing	Services, Resourcing

As in the previous year, revenue was generated from the provision of services.

16 Other operating income

This item includes:

€ thsd.	2011	2010
Reversals of provisions	1,065	1,454
Income from exchange rate differences	282	471
Benefits in kind – employee private motor vehicle use	224	237
Out of period income	197	131
Income from the disposal of securities	23	301
Revenue from the lowering of value adjustments and intakes on receivables written off	68	74
Income from derecognition of liabilities	17	89
Insurance recoveries	15	6
Rental income	7	5
Project provisions expended	–	257
Income from arrears penalties	–	172
Income from disposals and write-ups of securities	–	40
Income from the disposal of consolidated companies	–	11
Others	456	287
<i>Continued operations</i>	2,354	3,535
<i>Discontinued operations</i>	–	93
Total company	2,354	3,628

Other operating income of continued operations includes income that is attributable to another financial year in the amount of €1,279 thousand (prev. year: €1,674 thousand). They involve liquidation of provisions (€1,065 thousand; prev. year: €1,454 thousand), the derecognition of liabilities (€17 thousand; prev. year: €89 thousand), and other out of

period income (€197 thousand; prev. year: €131 thousand). Other operating income of discontinued operations in 2010 includes out of period income of €29 thousand.

17 Material expenses, personnel expenses

In addition to expenses for software and hardware resold as part of projects (€40 thousand; prev. year: €25 thousand), material expenses of the total company comprise mainly expenses for services rendered by outside personnel (consultants, software developers) and subcontractors (€157,340 thousand; prev. year: €142,050 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 break-down of continued operations and discontinued operations (2010).

18 Depreciation

As in the previous year, depreciation on long-term intangible assets and fixed assets in the financial year 2011 includes no depreciation on goodwill due to impairment.

The item amortisations on securities includes expenses in connection with the valuation of securities (formerly held-to-maturity financial investments) at amortised cost using the effective interest method amounting to €121 thousand (prev. year: €141 thousand).

19 Other operating expenses

Other operating expenses are broken out as follows:

€ thsd.	2011	2010
Operating expenses	6,069	6,230
Distribution expenses	7,507	6,487
Administrative expenses	6,662	5,886
Exchange rate losses	701	663
Taxes not dependent on income	607	264
Expenses in connection with the acquisition of companies	556	–
Value adjustments and uncollectable receivables	343	118
Out of period expenses	100	72
Project losses, contract penalties, warranties	–	921
Derecognition of deferred interest	–	23
Expense from the disposal of derivatives	–	16
Other operating expenses	282	379
<i>Continued operations</i>	22,827	21,059
<i>Discontinued operations</i>	–	415
Total company	22,827	21,474

Other operating expenses include other out-of-period operating expenses in the amount of €100 thousand (prev. year: €95 thousand). They concern expenses from disposal losses on non-current intangible assets and property, plant and equipment (€22 thousand; prev. year: €-) and other out of period expenses (€78 thousand; prev. year: €37

thousand). In the previous year, out-of-period operating expenses also included ancillary cost charges (€35 thousand) and from the derecognition of deferred interest (€23 thousand). Other operating expenses of discontinued operations in 2011 included out of period expenses of €-

20 Research and development expenses

In the financial year 2011 total expenses of €2,113 thousand were recorded for research and development (prev. year: €1,726 thousand). The

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

21 Interest income, interest expenses

The interest result is broken down as follows:

€ thsd.	2011	2010
Other interest and similar income		
Interest from held-to-maturity securities	272	314
Interest from securities	202	138
Interest on bank balances	91	223
Other unearned interests (basically from clients' requirements)	147	59
<i>Continued operations</i>	712	734
Interest and similar expenses		
Interest on tax refund claims	-41	-28
Interest on financial liabilities	-3	-7
Other interest expenses	-113	-22
<i>Continued operations</i>	-157	-57
Interest result of total company	555	677

Other disclosures

22 Business combinations during the financial year

Business combination GFT Financial Solutions AG, Switzerland

On 9 June 2011 (acquisition date), GFT AG acquired 100% of equity shares with voting rights in GFT Financial Solutions AG, Opfikon, (formerly Asymo AG, Adliswil) Switzerland, and thus gained control of the acquired company. GFT Financial Solutions AG is a Swiss IT consultancy for the core banking solution Avaloq.

The main reasons for the business combination were to strengthen GFT's position as an IT specialist for banks in the important Swiss market and to expand its portfolio of services by adding top-quality consultancy expertise in the field of standard software for banks. The factors contributing to the acquisition costs and to the measurement of goodwill were as follows:

- a) the outstanding skills and activities of GFT Financial Solutions AG's employees;
- b) the existing positioning of GFT Financial Solutions AG with customers for core banking applications, including existing general agreements;
- c) the expected synergies between GFT and GFT Financial Solutions AG in the joint development of existing accounts and new markets;
- d) intangible assets which are not classified for separate measurement

The fair value of the total transferred consideration valid on the date of purchase amounts to €7,938 thousand; it refers in full to the cash offered. In addition to this consideration as of the purchase date, there are agreements concerning considerations in return which depend on the future earnings of the acquired company. Provisions of €4,640 thousand were duly formed. The calculation of provisions was based on detailed planning figures. The range of these considerations in return not yet recognised is between CHF0 and CHF8,000 thousand.

The acquired receivables refer to trade receivables. The fair value of acquired receivables amounts to €1,341 thousand, their gross amount is €1,385 thousand. As of the acquisition date, receivables expected to be uncollectible amount to €44 thousand.

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

€ thsd.	Carrying value = fair value
Non-current assets	
Customer base	310
Tangible assets	34
Claims to deferred tax assets	11
	355
Current assets	
Work in progress	59
Trade receivables	1,341
Other assets	26
Cash and cash equivalents	1,554
	2,980
	3,335
Liabilities	
Non-current liabilities	
Provisions for pensions	42
	42
Current liabilities	
Other provisions	372
Deferred and current tax liabilities	1,078
Other liabilities	176
	1,626
	1,668
Acquired net assets	1,667
Acquisition costs	12,578
Goodwill as at 09/06/2011	10,911
Reconciliation to carrying value of goodwill at end of reporting period:	
Net translation differences (currency)	72
Goodwill as at 31/12/2011	10,983

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

The acquired company was included in the Consolidated Financial Statements for the first time on the date of acquisition, 9 June 2011. The acquired company was included in the Consolidated Statement of Comprehensive Income (Consolidated Income Statement section) from the acquisition date until 31 December 2011 with revenue of €4,493 thousand and net income of €893 thousand.

Business combination Consulting division of G2 Systems LLC, USA

On 7 October 2011 (acquisition date), GFT USA, INC., New York, acquired the Consulting division of G2 Systems LLC, New York, and thus gained control of the acquired company. The acquired Consulting division provides high-class IT consulting services in the field of investment banking.

The main reasons for the business combination were to strengthen GFT's position as an international IT service provider for the finance sector and to expand its portfolio with the addition of high-class specialist expertise in the field of investment banking. The factors contributing to the acquisition costs and to the measurement of goodwill were as follows:

- a) the excellent skills and consulting expertise of employees belonging to G2 Systems LLC
- b) the existing positioning of G2 Systems LLC with customers in the field of investment banking and hedge funds
- c) the expected synergies between GFT USA and G2 Systems LLC in the joint development of existing accounts and new markets
- d) intangible assets which are not classified for separate measurement.

The fair value of the total transferred consideration valid on the date of purchase amounts to €1,501 thousand; it refers in full to the cash offered. In addition to this consideration as of the purchase date, there are agreements concerning considerations in return which depend on

the future earnings of the acquired Consulting division. Provisions of €3,575 thousand were duly formed. The calculation of provisions was based on detailed planning figures. The range of these considerations in return not yet recognised is between USD0 and USD5,000 thousand.

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

€ thsd.	Carrying value = fair value
Non-current assets	
Customer base	59
Non-competition agreement	75
Tangible assets	15
	149
Current assets	
Work in progress	21
	170
Acquired net assets	170
Acquisition costs	5,076
Goodwill as at 07/10/2011	4,906
Reconciliation to carrying value of goodwill at end of reporting period:	
Net translation differences (currency)	143
Goodwill as at 31/12/2011	5,049

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

The above mentioned Consulting division was included in the Consolidated Financial Statements for the first time on the date of acquisition, 7 October 2011. The acquired company was included in the Consolidated Statement of Comprehensive Income (Consolidated Income Statement section) from the acquisition date until 31 December 2011 with revenue of €905 thousand and net income of €132 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 2011 to 31 December 2011 would have amounted to €275.6 million.

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 2011 to 31 December 2011 would have amounted to €9.2 million.

The aforementioned figures on the notional revenue and notional net profit do not include the Consulting division of G2 Systems LLC, as the necessary information is not available.

23 Cash flow statement

The GFT Group cash flow statement for the financial year 2011 is shown separately. 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.	31.12.2011	31.12.2010
Cash	3	3
Short-term cash deposits with banks	32,470	26,230
	32,473	26,233

The cash flow from taxes on income for the financial year 2011 amounted to €-2,154 thousand (prev. year: €-2,347 thousand); like the cash flow resulting from interest, it is included in the cash flow from ongoing business activities.

Cash flow from interest paid during the 2011 financial year totalled €181 thousand (prev. year: €31 thousand), while cash flow from interest received amounted to €913 thousand (prev. year: €533 thousand).

The disclosures on the acquisition of subsidiaries and other business units in 2011 are as follows: (see also point 22):

	Purchase price	Share of cash in the purchase price	Cash acquired	Other assets acquired	Liabilities acquired
	€ thsd.	%	€ thsd.	€ thsd.	€ thsd.
Company acquisitions	17,654	53.5	1,554	1,951	1,668
				thereof	thereof
Non-current assets				504	
Current assets				1,447	
Non-current liabilities					42
Current liabilities					1,626

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

24 Net earnings per share

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

€	2011	2010
Undiluted earnings per share	0.31	0.30
– current result allowed for	8,289,601.11	7,773,418.70
– no. of ordinary shares allowed for	26,325,946	26,325,946
Diluted earnings per share	0.31	0.30
– current result allowed for	8,289,601.11	7,773,418.70
– no. of ordinary shares allowed for	26,325,946	26,325,946

€	2011	2010
Undiluted earnings per share from continued operations	0.31	0.31
– current result allowed for	8,289,601.11	8,247,954.40
– no. of ordinary shares allowed for	26,325,946	26,325,946
Diluted earnings per share from continued operations	0.31	0.31
– current result allowed for	8,289,601.11	8,247,954.40
– no. of ordinary shares allowed for	26,325,946	26,325,946

€	2011	2010
Undiluted earnings per share from discontinued operations	n/a	-0.02
– current result allowed for		-474,535.70
– no. of ordinary shares allowed for		26,325,946
Diluted earnings per share from discontinued operations	n/a	-0.02
– current result allowed for		-474,535.70
– no. of ordinary shares allowed for		26,325,946

Conditional capital may come into consideration as an instrument which could potentially dilute undiluted earnings in future (see Note 8). It was not included in the calculation of undiluted earnings per share in the financial years 2011 and 2010 as the instrument was not exercised.

25 Reporting on financial instruments

Information on financial instruments according to categories

The tables on pages 78–81 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 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 on pages 78–81.

No reclassifications between Level 1 and Level 2 were made during financial years 2011 and 2010.

There were no changes in financial instruments classified as Level 3 (€-; prev. year: €-) during financial years 2011 and 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 82.

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORIES

€ thsd.	31.12.2011							Carrying amount in the balance sheet
	Valued at amortised cost		Valued at fair value				Non-financial assets/liabilities	
	Carrying amount	Fair value	Carrying amount	Fair value			Carrying amount	
				Level 1 ¹	Level 2 ²	Level 3 ³		
Financial assets								
Investments			0			0	0	
Available-for-sale financial assets			0			0	0	
Trade receivables	50,962	50,962					50,962	
Receivables from goods and services rendered	45,082	45,082					45,082	
Loans and receivables	45,082	45,082					45,082	
Amounts due from customers for construction work	5,880	5,880					5,880	
Loans and receivables	5,880	5,880					5,880	
Securities			7,209	7,209			7,209	
Available-for-sale financial assets			6,839	6,839			6,839	
Financial assets measured at fair value through profit or loss (classified as such upon initial application of the revised IAS 39)			370	370			370	
Held-to-maturity financial assets							0	
Cash and cash equivalents	32,473	32,473					32,473	
Loans and receivables (par value)	32,473	32,473					32,473	
Other assets	835	835	0		0		1,305	
Loans and receivables	835	835					835	
Financial assets measured at fair value through profit or loss (derivatives without balance sheet hedging relationship held for trading purposes)			0		0		0	
Total financial assets	84,270	84,270	7,209	7,209	0	0		
Loans and receivables	84,270	84,270	0	0	0	0		
Available-for-sale financial assets	0	0	6,839	6,839	0	0		
Financial assets measured at fair value through profit or loss	0	0	370	370	0	0		
Held-to-maturity financial assets	0	0	0	0	0	0		

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

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

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

31.12.2010							
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 ¹	Level 2 ²	Level 3 ³		
		0				0	0
		0				0	0
54,800	54,800						54,800
51,010	51,010						51,010
51,010	51,010						51,010
3,790	3,790						3,790
3,790	3,790						3,790
12,590	12,541	1,496	1,496				14,086
		874	874				874
		622	622				622
12,590	12,541						12,590
26,233	26,233						26,233
26,233	26,233						26,233
2,313	2,313	0		0		1,819	4,132
2,313	2,313						2,313
		0		0			0
95,936	95,887	1,496	1,496	0	0		
83,346	83,346	0	0	0	0		
0	0	874	874	0	0		
0	0	622	622	0	0		
12,590	12,541	0	0	0	0		

€ thsd.	31.12.2011						
	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			
				Level 1 ¹	Level 2 ²	Level 3 ³	
Financial liabilities							
Financial liabilities	0	0					0
Financial liabilities valued at amortised cost	0	0					0
Trade liabilities	28,632	28,632					28,632
Financial liabilities valued at amortised cost	28,632	28,632					28,632
Other liabilities	589	589				6,452	7,041
Financial liabilities valued at amortised cost	589	589					589
Other provisions	12,090	12,090				12,213	24,303
Loans and receivables	12,090	12,090					12,090
Total financial liabilities	41,311	41,311	0	0	0	0	
Financial liabilities valued at amortised cost	41,311	41,311	0	0	0	0	

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

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

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

31.12.2010							
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 ¹	Level 2 ²	Level 3 ³		
0	0						0
0	0						0
27,874	27,874						27,874
27,874	27,874						27,874
1,280	1,280					6,581	7,861
1,280	1,280						1,280
4,067	4,067					15,098	19,165
4,067	4,067						4,067
33,221	33,221	0	0	0	0		
33,221	33,221	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.	2011	2010
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)	-217	73
Net profits/losses from financial assets measured at fair value through profit or loss (from derivatives without balance sheet hedging relationship held for trading purposes)	-	1
Net profits/losses from available-for-sale financial assets		
– profit/loss which was directly recognised in equity (market assessment reserve)	-261	253
– amount which was transferred from equity (market assessment reserve) to the income statement	-	295
Net profits/losses from held-to-maturity financial investments	-17	-
Net profits/losses from loans and receivables:	-230	-39
– Expenses from impairment	-141	-72
– Income from reversal of an impairment loss	68	105
– Write-offs	-157	-72
Net profits/losses from financial liabilities valued at amortised cost:	230	225
– Write-offs	230	225

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

€ thsd.	2011	2010
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)	-217	75
Net profits/losses from financial assets measured at fair value through profit or loss (from derivatives without balance sheet hedging relationship held for trading purposes)	-	1
Net profits/losses from available-for-sale financial assets		
– profit/loss which was directly recognised in equity (market assessment reserve)	-261	253
– amount which was transferred from equity (market assessment reserve) to the income statement	-	295
Net profits/losses from held-to-maturity financial investments	-17	-
Net profits/losses from loans and receivables:	-230	-67
– Expenses from impairment	-141	-69
– Income from reversal of an impairment loss	68	74
– Write-offs	-157	-72
Net profits/losses from financial liabilities valued at amortised cost:	230	225
– Write-offs	230	225

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 3, 7 and 14 of the Notes to the Consolidated Financial Statements.

The net profits or losses from held-to-maturity financial instruments comprise the effects on net income due to disposals of these instruments. We refer to point 3 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.	2011	2010
Total interest income (total company)	677	668
Total interest income (continued operations)	677	668
Total interest expenses (total company)	217	149
Total interest expenses (continued operations)	217	149

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 €102 were recognised in profit and loss (prev. year: €0).

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 14 of the Notes to the Consolidated Financial Statements.

Hedge accounting

As at 31 December 2011, as on the cut-off date in the previous 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 was recognised in income for the period. The hedging purpose expired in 2006 due to the disposal of the underlying security. As at 31 December 2011, 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 €- (prev. year: €-).

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 (on pages 15–20) 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	31.12.2011	31.12.2010
Neither overdue nor value-adjusted receivables	44.1	51.5
Overdue receivables which have not been value adjusted		
Less than 90 days	6.9	3.0
90 to 180 days	0.0	0.3
180 to 360 days	0.0	–
More than 360 days	0.0	0.0
Value-adjusted receivables	–	–
Carrying amount	51.0	54.8

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	31.12.2011	31.12.2010
Carrying amount	51.0	54.8
Concentration according to customers:		
Receivables from 5 biggest customers	26.2	29.1
Receivables from rest of customers	24.8	25.7
Concentration according to regions: ¹		
Germany	23.1	27.9
Europe (outside Germany)	25.9	24.8
Rest of the world	2.0	2.1

¹ According to location of customers

Liquidity risk

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

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

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

A breakdown of the residual term of financial liabilities based on the contractually-agreed due dates is shown below. The contractually agreed undiscounted cash flows are also shown. The figures refer to the total company.

€ thsd.	Carrying amount	Cash flows				
	31.12.2011	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	28,632	25,208	3,360	64		
Other financial liabilities	589	589				
Other provisions	12,431	3,630		2,312	6,489	
	41,652					

€ 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				
	33,221					

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 (2011 approximately 92%, 2010 approximately 95%), 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 5% of the total revenue; prev. year: 2.8%) 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. With the exception of financial year 2010, these currency conversion effects recognised directly in equity have only resulted in minimal amounts over the last few years (< €200 thousand). The development in financial year 2010 was mainly the 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 2011 and 2010 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. Securities formerly classified as held-to-maturity 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 2011 and 2010, 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 2011 and 2010.

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 Other financial obligations

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

€ thsd.	31.12.2011	31.12.2010
Obligations from temporary rental, leasing and licensing contracts at nominal value:		
– 2012	4,851	4,509
– 2013–2015	6,437	7,940
– 2016 and later (excluding obligations unlimited in time)	1,906	215
	13,194	12,664
Annual obligations from open-ended rental contracts:	466	418

Payments under operating leases that are recorded as expense in the period under review total €5,581 thousand (prev. year: €5,845 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 15 years as at 31 December 2011. Operating leases for vehicles and office equipment have terms of between 3 and 7 years. Agreements usually terminate automatically at the end of the term of the agreement.

Order commitments for non-current intangible assets as of 31 December 2011 amount to €48 thousand (prev. year: €221 thousand), and for tangible assets to €4 thousand (prev. year: €-).

27 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 2011, Ulrich Dietz holds 28.08% (prev. year: 28.46%) and Maria Dietz 9.68% 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 2011 as well as during the financial year 2010.

In the 2011 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 2010).

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 2011 services were procured from eQuadriga Software Private Limited in the amount of €365 thousand (prev. year: €346 thousand); the services were invoiced at customary market conditions. As at 31 December 2011, the trade liabilities contain liabilities vis-à-vis eQuadriga Software Private Limited in the amount of €17 thousand (prev. year: €23 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 granted by GFT AG amounting to €50 thousand, of which €50 thousand was value adjusted as at 31 December 2011, as well as receivables from current offsetting and expenses amounting to €52 thousand, which were also value adjusted as at 31 December 2011 (expense in financial year 2011: €102 thousand; prev. year: €-). Total receivables from Youdress GmbH thus amount to €0 (prev. year: €79 thousand) as of 31 December 2011.

28

Parent company organs

Executive Board

Mr. Ulrich Dietz, Chairman of the Executive Board (Chief Executive Officer), responsible 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)
- Chairman of the Business advisory board of Baden-Württemberg International

Mrs. Marika Lulay, Member of the Executive Board (Chief Operating Officer), responsible for the Services segment 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 (President and CEO of the Board of Directors)
- GFT Financial Solutions AG, Opfikon, Switzerland (Advisory Board President)

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

Mr. Jean-Francois Bodin, Member of the Executive Board (since 21 March 2011), responsible for the Resourcing segment.

Supervisory Board

Dr. Paul Lerbinger, Chief Executive Officer of HSH Nordbank AG, Hamburg and Kiel, (member of the Supervisory Board since 14 January 2011), Chairman of the Supervisory Board (since 31 May 2011)

further Supervisory Board seats:

- MainFirst Bank Aktiengesellschaft, Frankfurt/Main, Germany

Dr. Peter Opitz, lawyer, Deputy Chairman

Dr. Thorsten Demel, Chief Operating Officer, Managing Director Group Technology & Operations, Deutsche Bank AG, Frankfurt/Main, Germany

further Supervisory Board seats:

- Pago eTransaction GmbH, Cologne, Germany

Mr. Andreas Bernhardt, CEO Executive Advice, Erdmannhausen; associate of Broadband United GmbH, Regensburg, Germany

Prof. Dr. Hans-Peter Burghof, holder of the Chair of Banking and Financial Services, University of Hohenheim

further memberships in comparable controlling bodies:

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

Dr. Ing. Andreas Berezcky, Production Director Zweites Deutsches Fernsehen, Mainz, Germany (since 31 May 2011)

further Supervisory Board seats:

- alfabet AG, Berlin (Deputy Chairman)
- Software AG, Darmstadt (Chairman)

Mr. Franz Niedermaier, former General Manager of Oracle Deutschland GmbH, (Supervisory Board until 31 May 2011), Chairman (until 31 May 2011)

further Supervisory Board seats:

- SECARON AG, Munich (Deputy Chairman) (until 29 July 2011)
- Intrafind Software AG, Munich (Chairman)

Total remuneration for the Executive Board for the 2011 fiscal year amounted to €1,968 thousand (prev. year: €1,901 thousand); of this total, an amount of €880 thousand is disclosed as short-term provisions as of 31 December 2011. 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 €141 thousand (prev. year: €127 thousand) have been formed.

Total remuneration for the Supervisory Board for the 2011 fiscal year amounted to €82 thousand (prev. year: €82 thousand); this amount is disclosed as a current liability as of 31 December 2011. It is exclusively comprised of fixed, not profit related commission. As the year before, in the financial year 2011, no further commissions for personally fulfilled activities were paid had 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 2010 and 2011 developed as follows:

Executive Board Members	Ulrich Dietz	Marika Lulay	Dr. Jochen Ruetz	Jean-Francois Bodin	Total
Shares	quantity	quantity	quantity	quantity	quantity
As at 01/01/2010	7,492,998	26,540	100,300		7,619,838
Additions	515	0	0		515
Disposals	0	0	0		0
As at 31/12/2010	7,493,513	26,540	100,300	0	7,620,353
Additions	0	11,000	0	0	11,000
Disposals	-100,000	0	0	0	-100,000
As at 31/12/2011	7,393,513	37,540	100,300	0	7,531,353

Supervisory Board Members	Dr. Paul Lerbinger	Dr. Peter Opitz	Dr. Thorsten Demel	Andreas Bernhardt	Prof. Dr. Hans-Peter Burghof	Dr. Andreas Berezcky	Franz Niedermaier	Dr. Simon Kischkel	Total
Shares	quantity	quantity	quantity	quantity	quantity	quantity	quantity	quantity	quantity
As at 01/01/2010	0	0	0	26,000	0		50,000	1,302	77,302
Additions	0	0	0	0	0		0	0	0
Disposals	0	0	0	0	0		0	0	0
As at 31/12/2010	0	0	0	26,000	0	0	50,000	1,302	77,302
Additions	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	-50,000 ¹	-1,302 ¹	-51,302
As at 31/12/2011	0	0	0	26,000	0	0	0	0	26,000

¹ The disposals of Mr. Franz Niedermaier and Dr. Simon Kischkel refer to their retirement from the Supervisory Board.

29 Employees

In the 2011 financial year there were 1,315 employees on average, compared to 1,230 in 2010. There was an average of 1,315 employees in continued operations (prev. year: 1,219).

30 Auditing fees

The auditing fees invoiced by the auditors of the consolidated accounts, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, for the financial year 2011 totalled:

€ thsd.	2011	2010
Auditing of Financial Statements	194	–
Other ratification or valuation services	52	–
Tax accountancy services	–	–
Other services	5	–
	251	–

31 Events after the balance sheet date

No noteworthy events have occurred during the year up to 21 March 2012. We refer to the information in the Group Management Report.

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

GFT AG received notification on 2 August 2011 from Auer von Welsbach Privatstiftung, Vienna, Austria, regarding an equity stakeholding, the text of which was as follows:

»In their communication dated 1 August 2011, pursuant to section 21 subsection 1 of the German Securities Trading Act, Auer von Welsbach Privatstiftung, Vienna, Austria, informed us that, with effect from 1 April 2011, their voting power in our company fell under the 5% and 3% thresholds and as at this date stands at 0% (0 votes).«

GFT AG received notification on 11 May 2011 from AvW Beteiligungsverwaltungs GmbH, Vienna, Austria, regarding an equity stakeholding, the text of which was as follows:

»In their communication dated 10 May 2011, pursuant to section 21 subsection 1 of the German Securities Trading Act, AvW Beteiligungsverwaltungs GmbH, Vienna, Austria, informed us that, with effect from 1 April 2011, their voting power in our company fell under the 5% and 3% thresholds and as at this date stands at 0% (0 votes).«

GFT AG received notification on 4 April 2011 from AvW Gruppe AG, Krumpendorf, Austria, regarding an equity stakeholding, the text of which was as follows:

»In their communication pursuant to section 21 subsection 1 of the German Securities Trading Act, AvW Gruppe AG, Krumpendorf, Austria, informed us that, with effect from 1 April 2011, their voting power in our company fell under the 5% and 3% thresholds and as at this date stands at 0% (0 votes).«

GFT AG received notification on 4 April 2011 from AvW Invest AG, Krumpendorf, Austria, regarding an equity stakeholding, the text of which was as follows:

»In their communication pursuant to section 21 subsection 1 of the German Securities Trading Act, AvW Invest AG, Krumpendorf, Austria, informed us that, with effect from 1 April 2011, their voting power in our company fell under the 3% threshold and as at this date stands at 0% (0 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 16 June 2008, pursuant to section 21 subsection 1 of the German Securities Trading Act, Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, informed us that, with effect from 13 June 2008, their voting power in our company in all portfolios fell under the 5% threshold and as at this date stands at 4.967% (1,307,706 votes). Included in this figure are the 1,297,706 votes amounting to 4.929% held by Baden-Württembergische Investmentgesellschaft mbH pursuant to section 22 subsection 1 (6)

of the German Securities Trading Act. Votes are thereby ascribed to Baden-Württembergische Investmentgesellschaft mbH from the following shareholder, whose voting power amounts to 3% or more in GFT Technologies AG:

- Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Germany.«

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

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

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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 12 December 2011, 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) as at 13 December 2011.

Stuttgart, 21 March 2012

GFT Technologies Aktiengesellschaft

Executive Board



Ulrich Dietz
Executive Board
(Chairman)



Jean-François Bodin
Executive Board



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, 21 March 2012

GFT Technologies Aktiengesellschaft

The Executive Board



Ulrich Dietz
Executive Board
(Chairman)



Jean-François Bodin
Executive Board



Marika Lulay
Executive Board



Dr. Jochen Ruetz
Executive Board

AUDITOR'S REPORT

We have audited the Annual Financial Statement – comprising the balance sheet, 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 2011 and ending 31 December 2011. 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, 21 March 2012

Warth & Klein Grant Thornton AG

Wirtschaftsprüfungsgesellschaft



Hämmerle
Wirtschaftsprüfer



Hamm
Wirtschaftsprüfer

BALANCE SHEET (AG)

as at 31 December 2011

GFT Technologies Aktiengesellschaft, Stuttgart

Assets

€	31.12.2011	31.12.2010
A. Non-current assets		
I. Intangible assets		
1. Licences, industrial property rights and similar rights and values	271,544.00	294,509.00
2. Prepaid expenses	8,940.00	17,077.45
	280,484.00	311,586.45
II. Tangible assets		
1. Other equipment, office and factory equipment	1,015,911.82	982,059.82
2. Prepaid expenses	4,303.95	0.00
	1,020,215.77	982,059.82
III. Financial assets		
1. Shares in affiliated companies	24,815,149.70	16,361,315.80
2. Investments	86,697.86	100,708.96
3. Securities of non-current assets	6,276,933.36	12,702,271.24
	31,178,780.92	29,164,296.00
	32,479,480.69	30,457,942.27
B. Current assets		
I. Inventories		
Work in progress	846,241.57	2,883,485.87
II. Receivables and other current assets		
1. Trade receivables	6,272,426.34	6,250,419.90
2. Receivables from affiliated companies	6,184,238.77	2,369,290.20
3. Receivables from participations	0.00	78,725.50
4. Other assets	1,113,993.79	2,107,579.93
	13,570,658.90	10,806,015.53
III. Securities		
Other securities	982,520.00	1,384,000.00
IV. Cash balance, cash at banks	16,757,320.60	16,354,689.19
	32,156,741.07	31,428,190.59
D. Deferred tax assets	126,634.39	89,925.33
	64,762,856.15	61,976,058.19

Shareholders' Equity and Liabilities

€	31.12.2011	31.12.2010
A. Shareholders' equity		
I. Share capital	26,325,946.00	26,325,946.00
– Conditional capital €7,500,000.00 (prev. year: €8,280,000.00)		
II. Capital reserve	2,745,042.36	2,745,042.36
III. Retained earnings		
Other retained earnings	12,649,591.97	10,149,591.97
IV. Net earnings	8,218,000.21	6,521,591.99
	49,938,580.54	45,742,172.32
B. Provisions		
1. Provisions for pensions	722,786.00	665,037.00
2. Provisions for taxation	123,109.54	268,074.00
3. Other provisions	5,089,159.18	6,073,973.71
	5,935,054.72	7,007,084.71
C. Liabilities		
1. Advance payments on orders	1,300,950.19	3,034,930.17
2. Trade liabilities	1,754,519.25	836,929.97
3. Liabilities to affiliated companies	5,252,508.83	4,733,731.66
4. Liabilities to participations	64,085.80	23,232.00
5. Other liabilities	517,156.82	597,977.36
	8,889,220.89	9,226,801.16
	64,762,856.15	61,976,058.19

INCOME STATEMENT (AG)

for the period from 1 January 2011 to 31 December 2011
GFT Technologies Aktiengesellschaft, Stuttgart

€	2011	2010
1. Revenue	44,971,260.22	49,150,459.14
2. Change in inventories of work in progress	-2,037,244.30	-2,179,574.87
3. Other operating income		
– income from currency conversion	7,240.77	448.53
– other	9,744,019.20	7,255,592.29
	9,751,259.97	7,256,040.82
	52,685,275.89	54,226,925.09
4. Cost of materials		
a) Cost of purchased goods	520.12	10,196.80
b) Costs of purchased services	22,955,226.66	28,937,773.39
	22,955,746.78	28,947,970.19
5. Personnel expenses		
a) Salaries and wages	16,957,791.99	15,962,526.21
b) Social security and expenditures for retirement pensions	2,281,541.28	2,032,043.68
– of which for retirement pensions €67,472.90 (prev. year: €120,239.56)		
	19,239,333.27	17,994,569.89
6. Depreciation on intangible assets and tangible assets	671,170.20	631,956.85
7. Other operating expenses		
– income from currency conversion	262,739.01	1,513.23
– other	8,512,580.47	8,640,651.76
	8,775,319.48	8,642,164.99
	1,043,706.16	-1,989,736.83
8. Income from profit transfer agreements	2,282,219.38	1,403,225.31
9. Tax sharing payments from subsidiaries	330,084.00	208,670.00
10. Income from investments	4,921,250.00	6,306,268.13
– of which from affiliated companies €4,901,250.00 (prev. year: €6,306,268.13)		
11. Income from other securities of financial assets	407,134.43	316,655.90
12. Other interest and similar income		
– of which from affiliated companies €93,678.67 (prev. year: €167,835.65)		
– Income from deduction of accrued interest	30,203.91	29,694.07
– other	270,577.50	413,718.24
	300,781.41	443,412.31
13. Depreciation on financial assets and on securities classified as current assets	597,670.22	172,273.77

€	2011	2010
14. Interest and similar expenses		
– of which from affiliated companies €47,740.60 (prev. year: €10,232.63)		
– Expenses from deduction of accrued interest	86,134.14	84,242.24
– other	90,594.54	42,977.24
	176,728.68	127,219.48
	7,467,070.32	8,378,738.40
15. Result from ordinary business activities	8,510,776.48	6,389,001.57
16. Extraordinary expenses		
– Expenses due to Secs. 66 and 67 (1), 1–5 EGHGB	0.00	210,228.00
17. Extraordinary result	0.00	-210,228.00
18. Taxes on income	353,781.63	-250,647.45
19. Other taxes	11,694.73	49,223.67
20. Net income	8,145,300.12	6,380,197.35
21. Loss carried forward from previous year	2,572,700.09	1,841,394.64
22. Allocations to retained earnings		
– to other retained earnings	-2,500,000.00	-1,700,000.00
23. Net earnings	8,218,000.21	6,521,591.99

FURTHER INFORMATION

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

GFT Technologies AG

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The Annual Report 2011 is also available in German. The online versions of the German and English Reports are available on www.gft.com/ir.

IMPRINT

Concept

GFT Technologies AG, Stuttgart, www.gft.com

Text

GFT Technologies AG, Stuttgart, www.gft.com

Candid Communications, Augsburg, www.candid-com.com

Creative concept and design


Impacct Communication GmbH, Hamburg, www.impacct.de

KEY FIGURES ACCORDING TO IFRS

			Continued operations	Continued operations	Continued operations		
		2011	2010	2009	2008	2007	2006
Income statement							
Revenue	€m	272.38	248.26	216.81	236.62	247.07	173.68
Earnings before interest, tax, depreciation and amortisation (EBITDA)	€m	11.84	12.05	8.54	10.63	13.10	7.31
Earnings before interest and taxes (EBIT)	€m	10.49	10.88	7.34	9.08	11.68	6.15
Earnings before taxes (EBT)	€m	11.05	11.55	7.86	9.62	12.36	6.67
Net income	€m	8.29	8.25	6.19	7.91	8.59	5.11
Balance sheet ¹							
Non-current assets	€m	45.35	29.49	29.77	31.33	30.89	30.76
Cash, cash equivalents and securities	€m	39.68	40.32	37.71	35.19	28.70	23.89
Other current assets	€m	53.25	58.77	43.85	46.98	52.34	37.55
ASSETS	€m	138.28	128.58	113.38	113.50	111.93	92.20
Non-current liabilities	€m	8.59	2.09	1.94	2.37	2.84	2.85
Current liabilities	€m	54.07	55.22	44.02	47.96	51.36	39.99
Shareholders' equity	€m	75.62	71.27	65.75	63.17	57.73	49.36
LIABILITIES	€m	138.28	128.58	113.38	113.50	111.93	92.20
Equity ratio	%	55	55	58	56	52	54
Cash flow ²							
Cash flow from operating activities	€m	14.18	7.31	6.57	9.20	9.34	1.50
Cash flow from investing activities	€m	-3.99	-14.65	-0.75	-1.81	-1.48	-3.60
Cash flow from financing activities	€m	-3.95	-2.63	-2.63	-0.70	-2.41	1.69
Employees							
Number of permanent employees (as at 31 Dec.)	no.	1,337	1,300	1,096	969	1,087	1,057
Share							
Earnings per share acc. to IAS 33	€	0.31	0.31	0.23	0.30	0.33	0.19

¹ In accordance with IFRS 5 regulations, the balance sheet figures for 2009 include the discontinued operation »Software«.

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



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