

GFT■

ANNUAL REPORT 2012

INSPIRING
IT

DIGI
TAL

PIO
NEER
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MAKE
IT
REAL.

GFT Group

As a strategic technology partner, the GFT Group helps companies optimise their business processes with intelligent IT solutions and highly skilled specialists.

GFT Solutions

... is a leading IT solutions provider for the international finance sector

We help financial institutes optimise their business processes with the aid of pioneering IT solutions.

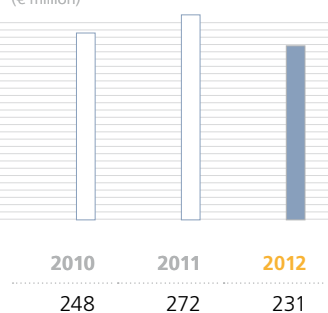
emagine

... is a recruitment partner for selected growth industries

We enable companies to quickly and flexibly staff their technology projects with highly skilled specialists for IT and engineering.

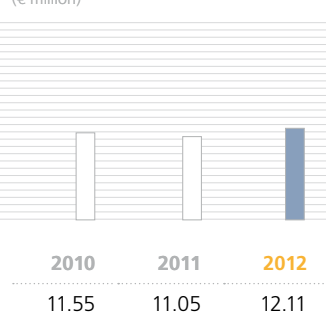
Revenue

(€ million)

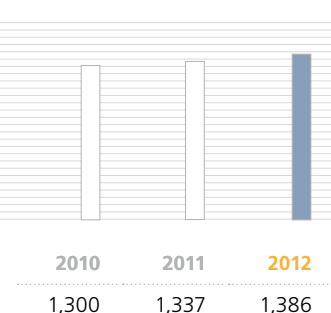


EBT

(€ million)



Employees



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Group Management Report

of GFT Technologies AG as of 31 December 2012

Business environment

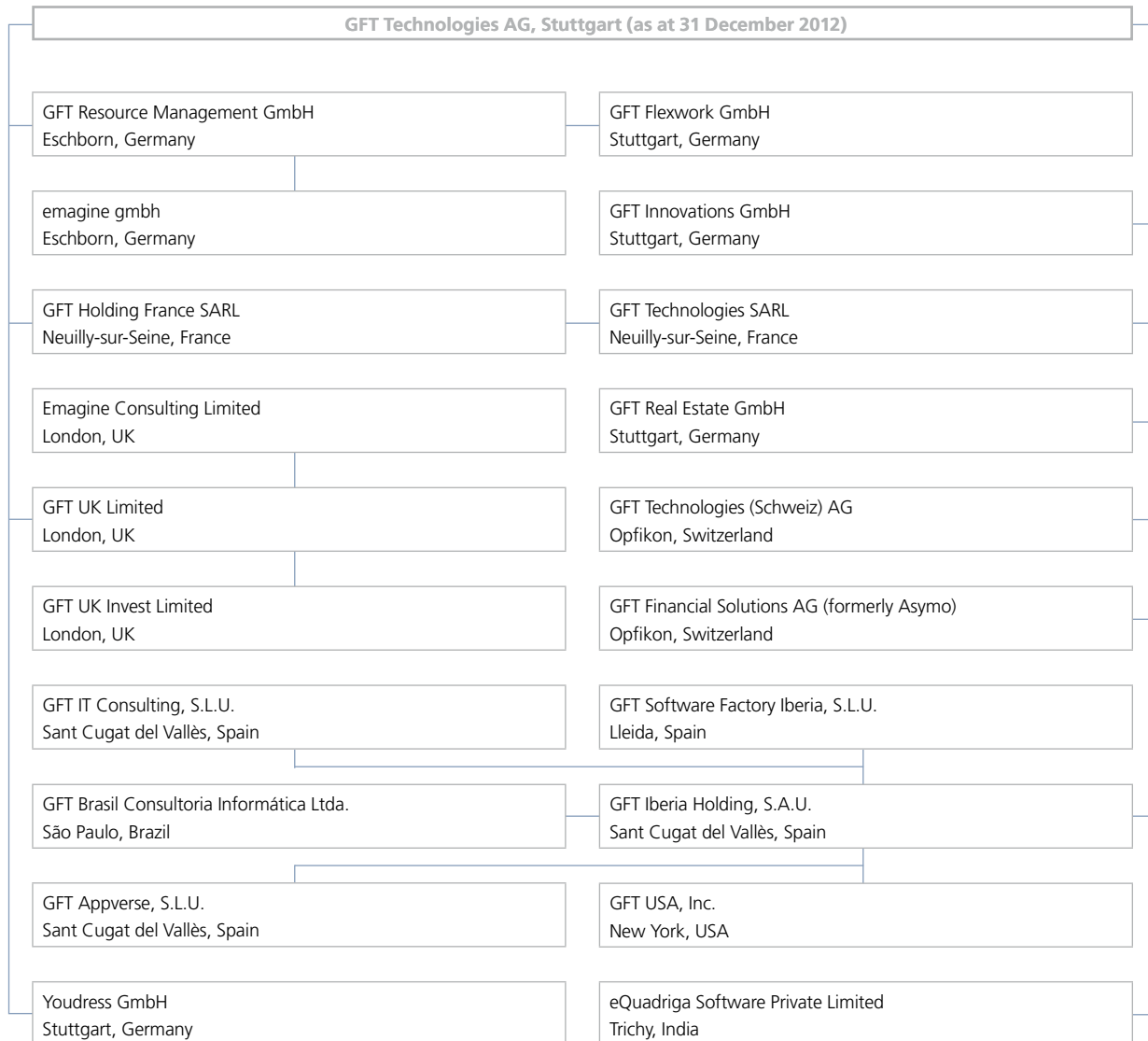
Group structure

As the strategic management holding company of the GFT Group, GFT Technologies AG (GFT AG) is responsible for the management and control instruments and manages all legally independent Group companies. In addition to defining the corporate targets and strategy, its key responsibilities include steering the Group's risk management, financial management and resource allocation.

The Investor Relations division of GFT AG maintains close contacts with the capital markets and other interest groups. The holding company 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 manages the operating activities of the GFT Solutions division in Germany.

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



Business operations

Based in Germany, the GFT Group serves as a strategic technology 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. In the finance sector, the Group's operating division GFT Solutions is among the world's leading IT service providers. With around 1,400 employees at 22 locations in seven countries, the Group has stood for technological expertise, innovative strength and premium quality for more than 25 years.

The company's operations are divided into two business divisions, which are centrally managed across all locations and countries. In early 2013, these two divisions were renamed and have since been trading as GFT Solutions (formerly Services) and emagine (formerly Resourcing).

As a strategic IT specialist, the GFT Solutions division helps financial institutes optimise their business processes with the aid of innovative IT concepts and solutions. Its services include advising financial institutes on the development and realisation of company-wide IT strategies, the implementation and maintenance of bank-specific standard software, and the development of applications tailored to specific clients and sectors. A major focus area is the maintenance and further development of business-critical core processes. The division has many years of experience as a strategic IT partner for major financial institutes in this field. A further key area is the development of innovative solutions for the finance sector based on cutting-edge technological advances in the fields of Big Data, Mobility, Social Media and Cloud Computing. With the aid of its Global Delivery Model, the GFT Solutions division can reliably supply its range of solutions to the core markets of Europe and the Americas.

As a recruitment partner, the emagine division specialises in the staffing of challenging technological projects. With its international network of freelance IT specialists and engineering experts, emagine can draw on a vast pool of technological expertise and sector know-how. Based on a detailed analysis of its clients' needs, emagine helps select and place highly skilled experts predominantly in the field of banking, insurance, transport, energy and telecommunications.

Company management and monitoring

The GFT Group's strategy is aimed at achieving a sustainable increase in the company's value by continually expanding its competitive advantages. Strategic planning determines how this objective is to be achieved in its business divisions and national organisations. The internal management system comprises principles, regulations, measures and processes for the organisational implementation of management decisions and the permanent monitoring of their effectiveness. All executives of the GFT Group are involved in this management process. This includes the Executive Board, the Managing Directors of the Group's subsidiaries, the Divisional Directors and the managers responsible for various processes and projects. The business divisions and national organisations regularly report on the course of business and analyse any target deviations together with corporate management in order to take swift corrective action, but also to grasp new opportunities which may have a positive impact on the company's business.

The monthly reporting of all national organisations and business divisions on the development of key performance indicators (KPIs) compared to the given targets (target-actual comparison) serves as the Group's main internal controlling instrument.

Financial and non-financial performance indicators

Financial performance indicators

The main KPIs used to measure the success of strategy implementation are consolidated revenue; revenue by segment, country and sector; EBT (earnings before taxes) at group and segment level and the resulting pre-tax margins. Other key operating figures used for the internal management process include contribution, account collection targets and staff utilisation rates at our development centres. Further information on the year-on-year development of key revenue and earnings figures are to be found in the chapters Development of Revenue and Earnings Position on pages 9–13.

A key component of the internal management process is the Group's systematic risk management aimed at identifying, assessing and steering external and internal risks which might have a negative impact on the attainment of our targets. Further information on risk management is provided on pages 17–22.

Non-financial performance indicators

■ Employees

The GFT Group's business success and claim to leadership as a strategic technology partner in the field of IT and engineering is largely based on its highly skilled and motivated employees and their strong identification with the company. 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 continuously monitored. 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 GFT Solutions and emagine divisions, as well as from administrative departments, are given challenging tasks in multinational teams over a two-year period in order to encourage their development.

The GFT Group's success is rooted in the corporate identity it has developed over the years, based on common core values and a group-wide value system.

■ Clients

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

■ Quality management

The success of large-scale and complex IT projects, such as those realised by the GFT Solutions division, 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 Solutions has established detailed and binding specifications for both the preparation of the offer and for project and quality management. These are based on 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.

■ Innovation management

Information technology has established itself as a key driver of innovations in all areas of life. As a strategic technology partner, we aim to add value by creating pioneering solutions, developing new business models and strengthening the competitive position of our customers by ensuring their technological edge. Innovation management is therefore an important element of our corporate strategy. Innovative basic development work is conducted at our Spanish Applied Technologies Centre where we test new technological developments with regard to their applicability for our clients, build prototypes of new application solutions and provide our sales teams with new solution approaches.

In 2011, GFT launched its CODE_n innovation initiative aimed at promoting young companies with exceptional business ideas and helping them establish contacts both with each other and potential investors. We invite the 50 finalists of the annual contest on current IT topics to showcase their companies at the CeBIT, the world's leading trade fair for the IT sector.

In order to develop and utilise the creative potential of our staff even more, we initiated a company-wide innovation contest in the past financial year. The aim was to find new ideas, business models and applications in the fields of Mobility, Social Media, Cloud Computing and Interactive Internet Applications, which would move both us and our clients forward. The project was accompanied by a programme for staff on how to develop creative ideas.

Economic environment

Macroeconomic development

In 2012, the global economy was strongly influenced by the Euro zone debt crisis and suffered a corresponding loss of momentum. Following a strong start to the year buoyed by the expansion of the Euro rescue package, there were growing signs of weakness over the first six months. The International Monetary Fund (IMF) downgraded its growth forecast during the year to 3.5% and then to 3.3% in its autumn outlook. In addition to spending cuts in almost all western nations, and growing political and economic uncertainty in Greece and Spain, global demand was also hit by the struggling US economy. By the end of 2012, the global economy had thus grown by 3.2% – compared to 3.8% in the previous year.

The Euro zone continues to cause the greatest concern for the IMF's experts. Whereas its economists originally forecast growth of 0.2%, this figure was repeatedly downgraded over the course of the year. In the end, GDP in the Euro zone fell by 0.4% – due in particular to the failing economies of Greece, Italy, Spain and Portugal. The region's future development will depend largely on whether the measures introduced to combat the debt crisis have the desired effect.

The prospects for Germany were viewed more favourably by the IMF. Its original forecast of 0.6% at the beginning of the year was upgraded to 1.0% after the first six months. According to figures of the Organisation for Economic Cooperation and Development (OECD), however, the German economy began to suffer from a sharp fall in foreign demand – especially from other Euro zone nations – in the second half of 2012. The fourth quarter saw a decline in Germany's gross domestic product (GDP) of 0.5% – the strongest since the height of the financial crisis in early 2009. However, Germany's leading economic research institutes saw no reason for undue pessimism. They expect the German economy to already recover strongly in the first quarter of 2013.

Sector development

According to the market research institute Gartner, the global IT market reflects the strong regional differences in the global economic situation. In contrast to those countries facing economic difficulties, such as Greece or Spain, stable growth is predicted for Australia and the BRICS states (Brazil, Russia, India, China, South Africa). For the sector as a whole, the market researchers forecast growth of 3.0% with slightly slower growth of 2.3% for the IT Services segment.

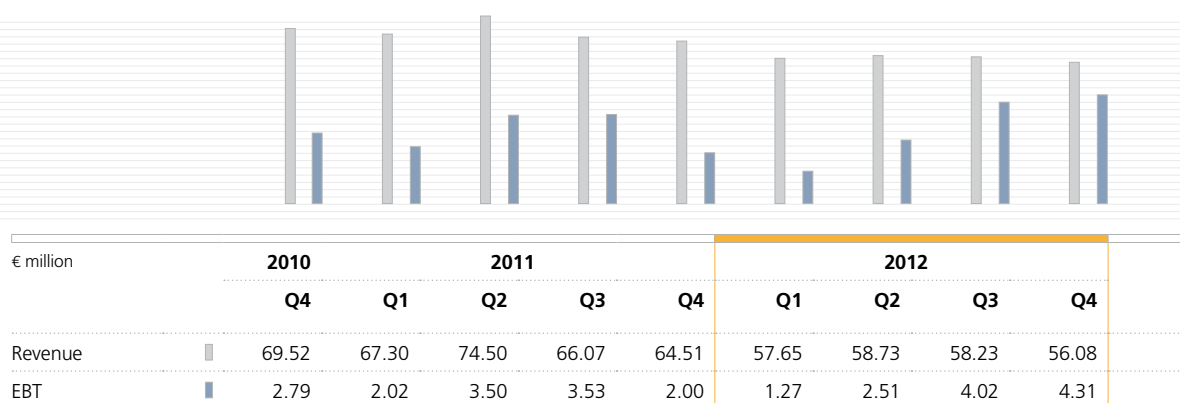
According to surveys of the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM), the German Information and Communication Technology (ICT) sector was hardly affected by the Euro zone debt crisis and recession in southern Europe in 2012. In the period under review, ICT revenues rose by 2.8% to €152 billion and not only outpaced GDP growth but also exceeded the annual forecast made in March by 1.2 %-points. Sales in the IT sector increased by 2.3% to €72.8 billion. The IT services segment accounted for the largest share of this total with growth of 2.1% to €34.9 billion in 2012. The European Information Technology Observatory (EITO) regards Germany as a stabilising factor of the West European ICT market. This also had a positive impact on the labour market: over half of all German companies in the sector (57%) are looking to hire new staff.

The shortage of skilled labour continues to be a key topic in the sector. In its autumn report 2012, the Cologne Institute for Economic Research (Institut der deutschen Wirtschaft Köln – IW) stressed that IT was one of those fields in which this shortage was felt most sharply – as well as in certain areas of engineering. BITKOM stated that small and mid-size IT companies were suffering most from their inability to fill vacancies.

Course of business

GFT began its financial year 2012 optimistically and stated in its annual forecast in early March 2012 that it expected demand from the finance sector to pick up in the second half of the year, while the industrial sector would continue to invest strongly throughout 2012. Against this backdrop, revenue of the GFT Solutions division was expected to grow by 10% and the emagine division by 16% (adjusted for revenue losses from the planned reduction of Third Party Management business). In total, GFT forecast consolidated revenue of €250 million and earnings of €12 million. In view of the slowdown in global economic growth in mid 2012 and the Euro zone's slide into recession, however, GFT downgraded its forecast on 8 November 2012 on the announcement of third-quarter figures below revenue expectations. Although the Group posted growth in its core business after nine months, it was unable to offset the loss of revenue from the planned

Development of revenue and EBT on a quarterly basis



reduction of its low-margin Third Party Management business. The uncertainty of the finance sector regarding the future of the Euro zone at the beginning of the second half of 2012 had caused German banks – above all – to downscale their investments in new IT solutions. Demand for consultancy services for the staffing of technology projects with IT and engineering experts also suffered from the growing uncertainty of its clients in the industrial sector with regard to the further economic development. Following the adjustment of its forecast in November, the GFT Group expected to reach revenue of €233 million and pre-tax earnings of €11 million in its financial year 2012.

Following a fourth quarter in line with expectations, these targets were reached and even surpassed in respect of earnings. For the year as a whole, the Group posted total revenue of €230.69 million, corresponding to a year-on-year decline of 15%. The effect of the planned reduction of Third Party Management business with a major client amounted to €48.62 million. Adjusted for this discontinued revenue contribution, the GFT Group's core business grew by 3%. At €12.11 million, earnings were up 10% year on year. This figure includes income of €2.38 million from the purchase price adjustment for the service division of G2 Systems LLC, USA, acquired in 2011, and scheduled writedowns of €1.35 million for the innovation initiative CODE_n.

Development in the business divisions

The revenue loss of €49.81 million from the planned reduction of Third Party Management business led to a year-on-year decline in revenue of 30% for the emagine division and a strong decrease in revenue generated in Germany. In its consultancy business for the staffing of technology projects, emagine achieved growth of 3%. The focus on this business field was commenced in early 2012 and strengthened at the beginning of 2013 by the market launch of the dedicated brand name »emagine«. In the course of this realignment, the GFT Group also renamed its business divisions as GFT Solutions (formerly Services) and emagine (formerly Resourcing). As of 1 October 2012, emagine's business is now coordinated from Germany instead of Switzerland.

The GFT Solutions divisions specialises in providing IT solutions for the finance sector and displayed solid growth of 5% in the reporting period – well above the market growth which experts predicted for the global IT services sector as a whole of 2.3%. This strong performance was driven by stable demand for core banking solutions, outsourcing services and IT solutions for the implementation of compliance requirements. The two company acquisitions in the USA and Switzerland in the previous year strengthened the division's consultancy expertise in the fields of standard banking solutions and investment banking and expanded its international client portfolio. This resulted above all in strong revenue growth of 38% in the USA.

Development of revenue

The Group's total revenue in 2012 was down by 15% year on year to €230.69 million (prev. year: €272.38 million). The planned reduction of low-margin Third Party Management business due to the termination of business with a major client amounted to €48.62 million. Adjusted for this discontinued revenue contribution, the Group's core business grew by 3% year on year.

Revenue by segment

The **GFT Solutions** division achieved revenue growth of 5% to €121.05 million in 2012 (prev. year: €115.50 million). This growth rate exceeded market growth for the global IT services sector as a whole, which experts estimated at 2.8% for 2012. Revenues in this division were driven by a recovery in demand for corporate and investment banking solutions in the UK and USA as well as growing compliance requirements in the finance sector. The division's share of total Group revenue rose to 52% (prev. year: 42%).

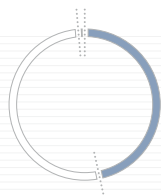
In the **emagine** division, revenue was 30% down on the previous year at €109.54 million (prev. year: €156.38 million). This decline resulted from the planned reduction of revenues in the lower-margin Third Party Management

business of €49.81 million in total (of which €48.62 million due to termination of business with a major client) to €18.57 million (prev. year: €68.38 million). With its consultancy services for the staffing of technology projects with highly skilled IT and engineering experts, emagine generated revenue growth of 3% to €90.97 million (prev. year: €88.00 million). All in all, this division's share of total Group revenue fell to 47% (prev. year: 58%).

Revenue by country

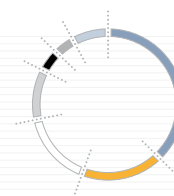
The withdrawal from low-margin Third Party Management business and modest capital spending in the banking sector led to a fall in Group revenue generated in **Germany** of 39% to €88.02 million (prev. year: €145.03 million). Nevertheless, the region remained the GFT Group's largest sales market with a share of total revenue of 38% (prev. year: 53%).

Revenue by segment



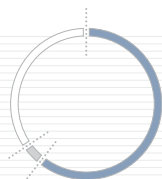
		2012	€ million	2011	€ million
emagine	■	47%	109.54	57%	156.38
GFT Solutions	□	52%	121.05	42%	115.50
Others	■	1%	0.10	0%	0.00

Revenue by country



		2012	€ million	2011	€ million
Germany	■	38%	88.02	53%	145.03
France	■	18%	42.47	13%	35.35
UK	□	16%	37.67	13%	36.67
Spain	■	11%	25.64	9%	25.36
Switzerland	■	5%	11.59	5%	13.01
USA	■	4%	10.22	3%	7.42
Other countries	■	8%	15.08	4%	9.54

Revenue by industry



		2012	€ million	2011	€ million
Financial services providers	■	61%	139.73	65%	178.39
Post/logistics	■	4%	8.19	7%	18.62
Others	□	35%	82.77	28%	75.37

There was also a decline in revenue of 11% to €11.59 million in **Switzerland** (prev. year: €13.01 million). As in the previous year, this region accounts for 5% of Group revenue. In contrast to growth in 2011 from the acquisition of Asymo AG, there was a decline in revenue of the emagine division in the reporting period.

The GFT Group recorded its strongest revenue growth in the **USA** with an increase of 38% to €10.22 million (prev. year: €7.42 million) and a rise in its share of total Group revenue to 4% (prev. year: 3%). This increase resulted largely from the acquisition of consulting expertise for the investment banking sector in 2011.

There was very encouraging progress in the Group's business in **France**. Driven by demand for IT and engineering specialists in the industrial and service sectors, revenue grew by 20% to €42.47 million (prev. year: €35.35 million). With an 18% share of total revenue (prev. year: 13%), France has now established itself as the GFT Group's second-largest sales market.

Revenue generated in the **UK** achieved stable growth of 3% to €37.67 million (prev. year: €36.67 million) with a positive development of the GFT Solutions segment. This region's share of Group revenue rose to 16% (prev. year: 13%).

Despite a challenging situation in the finance sector, the GFT Group achieved a slight increase in revenue generated in **Spain** to €25.64 million (prev. year: €25.36 million). The country accounts for 11% of Group revenue (prev. year: 9%).

Revenue contributed by clients in »Other Countries« – including Brazil, Italy and the Benelux states – grew strongly by 58% to €15.08 million (prev. year: €9.54 million). This group's share of total revenue rose by 4 %-points to 8%.

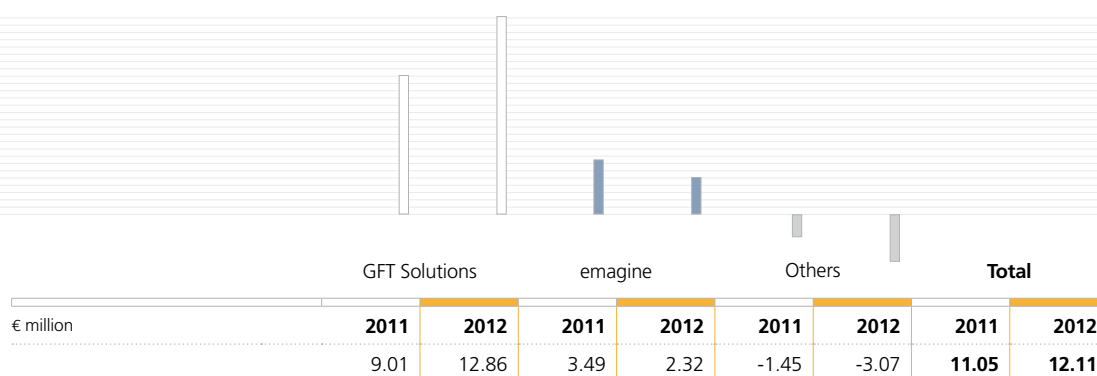
Revenue by industry

With a 61% share of the GFT Group's total revenue (prev. year: 65%), the **finance sector** remains the most important industry for GFT. The decline in revenue of 22% to €139.73 million results mainly from the reduction of Third Party Management business in this sector.

The proportion of revenue generated with clients in the **postal and logistics industry** fell to 4% (prev. year: 7%). Total revenue in this sector was down 56% to €8.19 million (prev. year: €18.62 million), primarily as the result of reduced revenue in the emagine segment but also due to a fall in business of the GFT Solutions division.

There was strong growth in revenue with clients in the industrial sector, which is comprised under the »**others**« category. Revenue generated with clients in this sector rose by 10% to €82.77 million (prev. year: €75.37 million). Its share of total revenue increased to 35% (prev. year: 28%). The revenue growth resulted mainly from increased demand for IT and engineering experts in the industrial sector.

Earnings position by segment



Earnings position

As of 31 December 2012, **earnings before taxes (EBT)** of the GFT Group amounted to €12.11 million. This was not only above the prior-year figure of €11.05 million but also above the forecast for 2012 announced in the third quarter. Compared to the previous year, the operating margin before taxes improved by 1.1 %-points to 5.2%. All in all, earnings in financial year 2012 were thus in excess of expectations.

With an EBT result of €4.31 million, earnings in the fourth quarter were above those of the first three quarters and well in excess of the prior-year figure for this quarter of €2.00 million. The quarterly result includes income of €2.38 million from the adjustment of the expected remaining purchase price for the service division of G2 Systems.

Earnings before interest and taxes (EBIT) amounted to €11.79 million as of 31 December 2012 and were thus €1.30 million above the prior-year result of €10.49 million. At €13.35 million, **earnings before interest, taxes, depreciation and amortisation (EBITDA)** were also well up on the prior-year figure of €11.84 million, corresponding to growth of 13%.

Earnings position by segment

When considering earnings of the two business divisions, the emagine segment was somewhat below the prior-year figure, while the GFT Solutions segment achieved strong year-on-year growth.

Pre-tax earnings of the **GFT Solutions** segment rose strongly in 2012 to €12.86 million (prev. year: €9.01 million), corresponding to an improvement in earnings of 43%; the above mentioned income from the adjustment of the expected remaining purchase price for G2 Systems is allocated to this segment. In addition to an increase in the proportion of total revenue to 53%, compared to 42% in the previous year, the operating margin also rose by 2.8%-points to 10.6%. This development is mainly due to the improved utilisation of production units and the generally more upbeat business mood of client industries in this segment.

As of 31 December 2012, pre-tax earnings of the **emagine** segment amounted to €2.32 million and were thus well below the prior-year figure of €3.49 million due to the current adverse market conditions. The operating margin, however, remained virtually unchanged at 2.1% (prev. year: 2.2%, -0.1 %-points). This is mainly due to the strong decrease in revenue from low-margin Third Party Management business from €49.81 million in the previous year to €18.57 million. There was a correspondingly minimal contribution to earnings from Third Party Management business of €0.01 million (prev. year: €0.25 million). In the Resource Management business, earnings fell to €2.30 million (prev. year: €3.24 million). This was due to increased investments in sales and marketing, while revenue remained virtually unchanged.

The **»others«** category comprises group-based balance sheet effects, consolidation amounts, and costs of the holding company which cannot be directly charged to either of the two aforementioned divisions. As of 31 December 2012, pre-tax earnings of this division amounted to €-3.07 million and were thus €1.62 million below the prior-year figure of €-1.45 million. The largest individual items in this category were the costs for the **»CODE_n12«** project and CeBIT fair presence totalling €1.35 million.

Earnings position by income and expense items

As of 31 December 2012, **other operating income** amounted to €4.44 million and was thus €2.05 million above the prior-year figure (€2.35 million). The main items included income from the adjustment of the expected remaining purchase price for G2 Systems (€2.38 million) and the opposing effect from the absence of income in 2012 from the liquidation of provisions (prev. year: €1.07 million). Other income concerned currency gains and income from written off receivables.

At €108.30 million as of 31 December 2012, the **cost of purchased services** – mainly comprising the purchase of external manpower – was well below the prior-year figure (€157.38 million). This decrease resulted mainly from significantly reduced Third Party Management revenue and the respective lower use of external manpower. As a proportion of revenue, the cost of purchased services fell by 11 %-points year on year to 47% (prev. year: 58%).

Personnel expenses rose by €7.51 million to €89.84 million (prev. year: €82.33 million). This year-on-year increase of 9% was mainly due to recruitment in the GFT Solutions segment, the rise in headcount following acquisitions and salary increases granted in 2012. As a proportion of revenue, personnel expenses were up by 9 %-points to 39% (prev. year: 30%). This was a result of the increased revenue share of the more labour-intensive GFT Solutions segment to 52% in financial year 2012 (prev. year: 42%).

Depreciation of intangible and tangible assets amounted to €1.57 million as of 31 December 2012 and was thus €0.22 million above the prior-year figure (€1.35 million). However, this had only a minor impact on ordinary operating profits. The write-downs on intangible assets capitalised in connection with the two acquisitions made in the previous year amounted to €0.07 million in financial year 2012 (prev. year: €0.04 million).

Other operating expenses increased to €23.54 million in the financial year 2012, corresponding to slight year-on-year increase of 3% (prev. year: €22.83 million). The main cost elements were selling and administrative expenses; these rose by €1.72 million to €15.89 million (prev. year: €14.17 million) due to increased sales activities and costs attributable to the »CODE_n12« innovation initiative and CeBIT fair presence. This item also includes exchange rate losses (€0.46 million) and other tax expenses (€0.32 million).

As of 31 December 2012, **income taxes** amounted to €3.77 million and were thus €1.01 million above the prior-year figure (€2.76 million). The calculated tax ratio increased by 6 %-points to 31% in the reporting period (prev. year: 25%). The prior-year figure was particularly low in the previous year due to tax income of foreign subsidiaries.

As in the previous year, **net income** of the GFT Group improved further in the reporting period and amounted to €8.34 million as of 31 December 2012 (prev. year: €8.29 million).

Earnings per share were slightly up on the previous year at €0.32 (prev. year: €0.31). These figures are based on an average of 26,325,946 outstanding shares.

Financial position

The financial management of GFT Technologies AG ensures the permanent liquidity of all Group companies. The central Treasury department implements financial policy and risk management on the basis of guidelines set by the Executive Board. Financial investments are widely spread and generally for short-term periods. By focusing on short-term investments, the company ensures that the Group's bank balances receive interest in line with money market rates. The central Treasury department monitors currency risks for all Group companies and hedges via derivative financial instruments in accordance with the guidelines determined by the Executive Board. Only existing balance sheet items or expected cash flows are hedged. A high level of free cash flow and strong equity ratio provide the basis for organic growth and offer scope for the GFT Group's acquisitions.

This consistently high degree of liquidity and equity once again ensured the Group's financial independence in 2012.

At the end of the reporting period, **cash, cash equivalents and securities** amounted to €40.42 million and were thus slightly above the corresponding figure at the end of 2011 (€39.68 million). Whereas securities decreased by €3.04 million following the sale of securities, liquid funds increased by €3.44 million.

As of 31 December 2012, **trade receivables** amounted to €44.21 million. Compared to the same date in 2011 (€50.96 million), this represents a decline of €6.75 million. **Trade payables** as of 31 December 2012 came to €19.83 million and were thus well below the corresponding figure on 31 December 2011 (€28.63 million). This resulted mainly from the significant decrease in Third Party Management revenue and the related purchase of external staff.

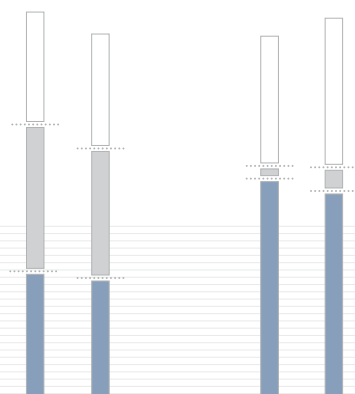
Compared to the same period last year, **cash flows from operating activities** deteriorated and amounted to just €5.61 million as of 31 December 2012 (prev. year: €12.35 million), despite a slight improvement in net income. This is mainly due to the strong decrease in trade payables and at the same time a less disciplined approach in the payment behaviour of our clients as of 31 December 2012.

At €1.75 million, **cash flows from investing activities** were well above the prior-year level (€-2.28 million). Despite a slight increase in capital expenditure of €0.45 million, mainly for IT procurements, and reduced disposals of securities compared to the previous year, this represents an increase of €4.03 million over year-end 2011. The reason is a special item of €-7.88 million in 2011 from the acquisition of consolidated companies.

As of 31 December 2012, **cash flows from financing activities** totalled €-3.95 million and thus correspond to the prior-year figure with an unchanged dividend of €0.15 per share.

At the end of the reporting period, there was an investment commitment of €1.90 million for the new administration building of GFT Technologies AG in Stuttgart. The purchase of the office complex, which is to serve as the company's headquarters following reconstruction work, was completed in January 2013. The purchase price was settled from liquid funds.

Group balance sheet structure



ASSETS € million				EQUITY & LIABILITIES € million			
		2011	2012	2012	2011		
Cash and securities	□	39.68	40.42	47.06	54.07	□	Current liabilities
Other current assets	■	53.25	47.08	4.60	8.59	■	Non-current liabilities
Non-current assets	■	45.35	44.26	80.10	75.62	■	Equity capital
		138.28	131.76	131.76	138.28		

Asset position

As of 31 December 2012, the **balance sheet total** of the GFT Group was down by €6.52 million and stood at €131.76 million. At the end of the financial year 2011, the total amounted to €138.28 million.

In terms of **assets** there was a noticeable change in **non-current assets**, which decreased by €4.12 million to €47.45 million compared to 31 December 2011 (prev. year: €51.57 million). This is mainly due to a significant reduction in securities among the financial assets.

Current assets, on the other hand, changed only marginally and fell by €2.40 million to €84.31 million compared to the previous reporting period (€86.71 million). This resulted above all from the fall in trade receivables of €6.75 million to €44.21 million (prev. year: €50.96 million), together with an increase in liquid funds in the item cash and cash receivables of €3.44 million to €35.91 million. At year-end 2011, this had still amounted to €32.47 million.

On the **liabilities side**, there were noticeable changes in both liabilities and equity compared to the previous year.

Employees

At the end of the reporting period, **equity** amounted to €80.10 million and was thus €4.48 million above the corresponding figure on the balance sheet date of 31 December 2011 (€75.62 million). This was mainly due to the change in the balance sheet loss from €-5.71 million to €-3.83 million and the increase in revenue reserves by €2.50 million to €15.24 million (prev. year: €12.74 million). The **equity ratio** rose to 61%, compared to 55% on 31 December 2011.

The main changes among the liabilities concerned **current liabilities**: this item fell by €7.02 million, from €54.07 million to €47.06 million, in the reporting period. Of particular note was the change in trade payables, which fell mainly as a result of the strong reduction in Third Party Management business. There was a significant decline in liabilities of €8.80 million to €19.83 million in 2012, compared to €28.63 million on 31 December 2011. The increase in other liabilities to €7.69 million (prev. year: €6.45 million) and a slight increase in other provisions to €18.09 million (prev. year: €17.07 million) offset this effect slightly.

There was also a reduction in **non-current liabilities** during financial year 2012. They fell year on year by €3.99 million, from €8.59 million to €4.60 million. The main reason for this decline is the reversal of other provisions, especially the payment of the earn-out tranches G2 and Asymo as well as the adjustment of the expected remaining purchase price for G2 Systems.

The **equity/non-current assets ratio** – an important yardstick for solid balance sheet structures – improved to 169% as of year-end (prev. year: 147%). This ratio expresses the relationship between the balance sheet items »equity« and »non-current assets« and provides information about the company's financial stability.

As of 31 December 2012, there were 1,386 people in full-time employment throughout the GFT Group. This represents an increase of 4%, or 49 employees, over the previous year (1,337). In the GFT Solutions division, headcount grew by 5% or 54 persons to 1,239 (prev. year: 1,185). At year-end, the emagine division employed 10 persons fewer than at the same time in the previous year, corresponding to a decrease of 9% to 98 employees (prev. year: 108).

Employees by segment

	2012	2011
GFT Solutions	1,239	1,185
emagine	98	108
Others	49	44
Total	1,386	1,337

Viewed over financial year 2012 as a whole, the GFT Group employed an average of 1,368 people (prev. year: 1,315). The number of freelancers fell as at year-end from 1,163 to 955 due to the reduction in Third Party Management business.

On 31 December 2012, 273 persons were employed in Germany, representing a year-on-year decline of 6% or 16 persons (prev. year: 289). Headcount outside Germany rose by 6% or 65 employees to 1,113 (prev. year: 1,048). As a consequence, the proportion of GFT employees working outside Germany grew to 80% (prev. year: 78%).

Employees by country

	2012	2011
Germany	273	289
Brazil	123	147
France	17	19
UK	32	33
Switzerland	42	54
Spain	876	775
USA	23	20
Total	1,386	1,337
Foreign share in %	80	78

Research and development

The GFT Group invested a total of €1.57 million in research and development during the reporting period; this corresponds to a year-on-year decrease of 26% (prev. year: €2.11 million). The largest share of this total (€1.21 million or 77%) was accounted for by personnel expenses (prev. year: €1.74 million or 82%). The GFT Group concentrated its R&D efforts on the following strategic initiatives:

GFT mobile sales & advisory (formerly a-touch) refers to the IT-aided solution for advisors in the field of private banking and wealth management, which GFT continued to develop in 2012. Special security components ensure that the application can be used on mobile devices. The underlying application runs on the iPad as well as other multi-touch devices and enables investors to actively shape the consultation process according to needs. It provides system-supported implementation of all compliance requirements.

At the **SAP Competence Centre**, experts develop tailored solutions for financial institutes, which help them integrate SAP software into their existing IT platform. An important topic in 2012 was the use of in-memory databases based on SAP HANA technology. This technology is integrated into client solutions in order to significantly reduce the computing time for complex simulations, thus enhancing its use in consultation sessions.

GFT's **Mobile Finance** activities comprise the development of key applications for mobile devices in the financial services sector. At its Mobile Finance Competence Centre, GFT pools support services, development and integration services in the field of Mobile Finance in order to design and implement tailored IT solutions and services for the finance sector.

The company's internal **Applied Technologies Group** pools all R&D activities in the field of applied innovation management. Based on the open innovation approach, the Group initiates and coordinates innovation projects in line with the current solution needs of our clients.

In order to ensure consistently high quality in its global development efforts, software development processes were further optimised in accordance with the international CMMI® (Capability Maturity Model Integration) standard.

Subsequent events

No events occurred after the balance sheet date as at 31 December 2012 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: GFT Solutions and emagine.

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, GFT Solutions and emagine, separately. This enables it to take account of their differing business models and respective risk structures.

■ GFT Solutions

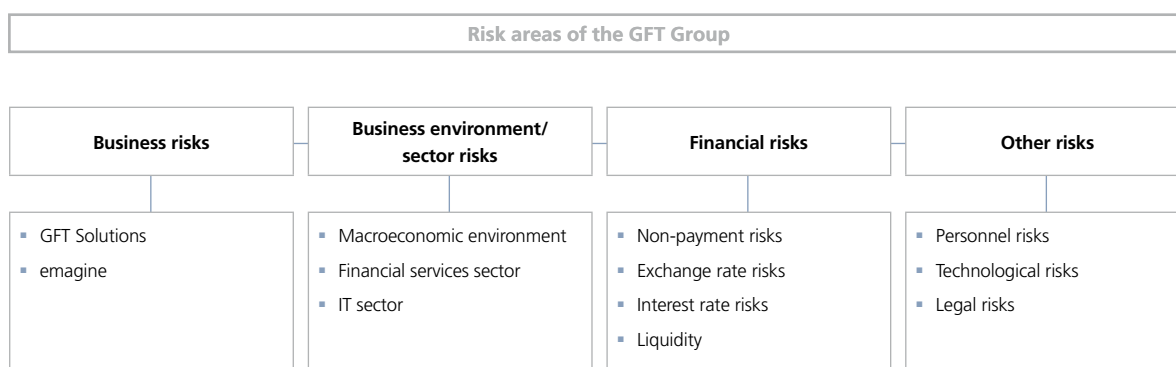
GFT's activities in its GFT Solutions division focus mainly on clients in the financial services industry. Compared to the previous year, demand for IT services in the banking and insurance market increased again in the reporting period. There was year-on-year revenue growth in all four quarters with a steady improvement in margins over the year, resulting in significantly enhanced earnings in this segment.

The two company acquisitions in the previous year – which greatly expanded the segment's range of consulting services for banking solutions in Switzerland and the USA – were successfully integrated into the existing organisation during the year. As well as investing in new future markets, the move also added new clients and spread the risk potential by enlarging the company's range of services in 2012.

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 may 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 2012. Thanks to improved processes for the Risk Management project and the respective separate project reviews, the group-wide installation of an Operational Risk Management & Quality Office in 2010 had a strongly positive impact.



■ **emagine**

2012 was a challenging year for the staffing business, which suffered from falling demand for external IT specialists. The division also had to cope with the drastic reduction in revenue from Third Party Management, as announced in the previous year. As forecast, the sharp fall in revenue had no significant negative effect on earnings due to the low margins of this business field. Despite a tense market situation, the segment succeeded in developing its long-term business with the addition of strategic clients, achieving growth in certain key markets and recruiting numerous promising new clients. By strengthening other clients and widening the client base, the segment aims to create a client portfolio which will reduce its dependency on individual customers and thus reduce risk in line with business strategy.

As part of this strategy, Emagine Consulting Limited was founded in 2012 and has been responsible for managing the division's UK staffing business since the beginning of the year. The move was a response to the growing importance of the UK market. As already announced in the third quarter of 2012, all emagine activities on the Swiss market are now handled via Germany as of 2013. The Executive Board thus responded to the decline in local demand and drew the necessary consequences at an early stage in order to prevent unprofitable business over the long term. In anticipation of a market recovery, GFT will also continue its investment in skilled sales staff in 2013 in order to benefit in full from this positive market development.

In the coming year, the division will continue to focus on steadily raising and improving quality and company processes. Past activities, such as the adoption in 2010 of the newer ISO 9001:2008 quality management standard at sites in Germany und France and their re-certification in 2011, will be continued. The aim is to guarantee consistently high quality in the company's emagine 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 ongoing financial crisis in Europe, falling growth figures and rising unemployment, the second half of 2012 was still dominated by considerable economic uncertainty. Due to the increasing political stability and growing demand for IT services, especially in the field of banks and insurance, the year-end situation and forecast for 2013 are generally positive. Following a rather weak market situation in 2012, it is expected that demand for freelance IT specialists will also pick up again in 2013.

■ **Financial services industry**

In its financial year 2012, the GFT Group generated 61% of all revenue with clients in the financial services industry (prev. year: 65%). 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 Group is continuing to drive its expansion of business in other industries and achieved further success in 2012. Whereas other industries accounted for just 28% of business in 2011, the proportion was already up to 35% in 2012.

The largest client in the finance sector accounted for approximately 37% of revenue in 2012 (prev. year: 42%).

This fall in revenue resulted solely from the planned reduction in Third Party Management, which had a major impact on revenue but hardly affected earnings.

IT services provided to this customer were up slightly on the previous year, however.

In this field, the GFT Group mainly implements projects connected with the core applications of its client. In order to avert any possible negative effects on revenue and earnings due to reduced demand from this client, GFT once again took the following proactive steps in 2013: 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 still 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 and innovation drives like CODE_n. 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 emagine 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 2012, the development of the Brazilian real in particular was once again closely monitored and analysed. If the exchange rate for the Brazilian real against the euro falls below a pre-determined level, the company considers whether derivative financial instruments are necessary. The strong fluctuation of the Brazilian currency is likely to continue in 2013. The company will therefore continue to closely track its development in order to take the above mentioned measures 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 securities. 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 the company's continued existence by guaranteeing solvency at all times. Measures to ensure liquidity include a weekly liquidity report and monthly liquidity planning with a planning horizon of twelve months.

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, health management activities and an interesting working environment geared to the respective employee's personal qualifications. Targeted recruiting measures are used to attract new talent to the company and enhance its positive image on the employment market.

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/data security

The short life cycles of IT systems, technologies and software represent a not inconsiderable risk for the GFT Solutions 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 and maintains its IT infrastructure to ensure efficient and reliable operation and constant availability. Following the restructuring of the internal IT departments, a separate division – »Demand IT« – is now exclusively responsible for the ongoing development and optimisation of the internal IT systems landscape, thus reflecting the company's claim to continually improve its internal processes and align them with current demands.

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. In the field of data security, preparations are currently under way for the roll-out of a group-wide Information Security Management System (ISMS) according to the ISO/IEC 27000 guidelines on information security. The Information Security Steering Committee meets twice a year to coordinate the necessary activities at group level and to ensure that valid guidelines are introduced throughout the company and correspond to the general principles of the GFT Group. In addition to a Chief Security Officer (CSO), further national officers have been defined as contact partners with responsibility for the respective companies.

■ 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 and steered 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 €2.28 million (prev. year: €1.97 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 €83 thousand (prev. 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 2012 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 2012, 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 (prev. year: 28.08%).

Rules governing the appointment and replacement of Executive Board members (No. 6): The appointment and replacement of members of the Executive Board is regulated in sections 84 and 85 of the German Stock Corporation Act. The German Corporate Governance Code regulates further principles concerning the appointment of members in section 5.1.2. Both regulations are taken into account. Pursuant to section 5 of the Articles of Association, the Supervisory Board determines the number of Executive Board members, which is a minimum of two. The Articles of Association do not contain any further regulations on the appointment or replacement of Executive Board members.

Rules governing the amendment of the Articles of

Association (No. 6): The requirements for the amendment of the Articles of Association are primarily regulated in sections 179 to 181 and 133 of the Companies Act. Reference is made to these provisions. The General Meeting can assign the authority to amend the Articles of Association to the Supervisory Board in so far as such amendments merely relate to the wording. This is allowed by the company through the provisions in section 21 (1) of the Articles of Association.

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

Pursuant to section 4 (5) of the Articles of Association, the Executive Board is authorised until 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 2012 (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 2012) of up to €10,000,000.00 was authorised, through the issuance of a maximum of 10,000,000 new 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 2017, pursuant to a 22 May 2012 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 et seq. German Stock Corporation Act 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

Following a year of weaker global economic expansion in 2012, the IMF and OECD both expect the pace of growth to pick up slightly over the course of 2013. This presupposes, however, that the Euro crisis does not worsen and that the USA can solve its budget problems without drifting into recession. According to experts, there is still a major risk that the Euro zone may drag the global economy down. Despite considerable progress made so far, Europe's sovereign debt crisis is still fraught with danger. The announcement of the European Central Bank to buy an unlimited amount of government bonds from endangered states succeeded in bringing temporary relief to the markets. However, the IMF believes that further progress must be made regarding the budget consolidation efforts of crisis-hit countries and that the European financial regulation authorities must quickly introduce reforms so that the monetary union can return to growth.

Due to the strong downswing in the Euro zone over the second half of 2012, the IMF revised the outlook for 2013 it had announced in October 2012. Whereas global economic output was downgraded slightly from 3.6% to 3.5%, the IMF's outlook for the Euro zone published in early 2013 predicts a further year of recession with a decline in economic performance of 0.2%. Although the IMF expects Germany to outperform its European neighbours, it has downgraded its growth forecast from 0.9% to 0.6%. The OECD's global economic outlook of November 2012 came to a similar conclusion, forecasting a recession of 0.1% for the Euro states and growth of 0.5% for Germany. The Euro zone's largest economy will continue to be buoyed by healthy domestic demand, but will suffer from weaker demand for its exports – especially from other Euro nations. In its annual survey for 2012/2013, the German Council of Economic Experts predicts that the German economy will achieve growth of 0.8% in 2013. The German government is less optimistic: in its 2013 Annual Economic Report, it has downgraded its forecast for GDP growth in the current year by 0.6 %-points to 0.4%.

Economic experts are more upbeat about the prospects for 2014 – providing the Euro zone can successfully tackle its debt crisis. According to the IMF, global output is likely to rise by 4.1% and the Euro zone's economy by 1.0%. With estimated growth of 1.4% for Germany, the IMF is somewhat more cautious than the OECD, which predicts an increase in GDP of 1.9%.

Sector development

According to the German high-tech industry association BITKOM, the ICT markets remain largely resistant to the effects of the Euro debt crisis. According to the association's economic survey in February 2013, German high-tech companies got off to a flying start in 2013. Three quarters of all IT and telecommunication companies expect rising revenues in the first half of the year. Software firms and IT service providers are particularly upbeat: 87% and 82% of these companies, respectively, anticipate revenue growth in the current year.

For 2013 as a whole, the industry association expects the German market for products and services in the IT and telecommunication sector to grow by 1.8% to €141.6 billion. The ICT market would thus easily outpace German economic growth as a whole in 2013 while displaying somewhat slower growth than in the previous year (2.8%). According to BITKOM's forecast, IT services are likely to grow by 3.0% to €35.9 billion in 2013, following an increase of 2.1% last year.

In its annual survey of ICT trends in January 2013, BITKOM reported that Big Data has now firmly established itself among the leading high-tech topics. Big Data stands for applications which can evaluate huge data volumes from various sources within seconds. After the trend topics of Cloud Computing and Mobile Computing, Big Data is now in third position – ahead of the topics IT Security and Social Business.

Revenue and earnings forecast

The GFT Group continues to face the challenge of a volatile economic climate and persistent uncertainty in the finance sector. In general, the Group's business model has proven capable of dealing with such economic fluctuations. Providing the economic environment does not seriously deteriorate, the Group expects to continue the positive development of its Global Solutions business and the Resource Management business of its emagine division in 2013.

In the current financial year, the emagine division will focus mainly on expanding its consultancy business for the staffing of technology projects with IT and engineering experts. With the aid of its own emagine brand, the division plans to drive its clear positioning as a personnel consultancy expert for growth sectors in Germany, France and the UK. These countries have the highest IT spends in Europe and boast a robust industrial sector, which will benefit most from any economic upturn. By clearly focusing on the technology trends Big Data, Business Intelligence, Social Media, IT Security and Mobile Technologies, emagine aims to tap new growth fields for its IT consultancy business. In the field of engineering, emagine expects growth to be driven by the rising demand for highly skilled engineers to staff technology projects in the field of plant and machine construction, as well as renewable energies. GFT expects a further positive development in emagine's Resource Management business, but does not believe this will be sufficient to fully offset the loss of revenue from the further reduction of its Third Party Management business.

The GFT Solutions division is dedicated to delivering IT solutions for the finance sector and expects further solid growth in 2013. Banks will continue to focus on their core competencies in the credit business, in payment transactions and in financial advising, resulting in growing demand for IT solutions to optimise core banking systems. The increased competitive pressure from new Internet platforms and innovative suppliers will force banks to adapt their business models on the basis of new technologies. In order to remain competitive in the private customer business, banks will invest increasingly in social media solutions aimed at client retention as well as in mobile applications. In the field of online banking, the demands placed on IT system security to protect clients from rising fraud attempts continue to grow. A further major challenge for the finance sector are the forthcoming compliance topics in 2013, such as the introduction of a Single Euro Payments Area (SEPA). In order to implement these changes within the given deadlines, banks and companies will need swift delivery of efficient IT solutions. The private customer business is also likely to grow in importance. With its many years of experience in the finance sector and range of solutions tailored to these future topics, the GFT Solutions division is well placed to exploit this growth potential. GFT therefore expects growth in this division to outpace the IT Services sector as a whole.

The Executive Board expects the GFT Group to make good progress in the current financial year. The loss of revenue from the further reduction of low-margin Third Party Management business in 2013 is to be offset by organic growth in the two business divisions. As a result of healthy growth prospects in the GFT Solutions division, the Executive Board forecasts revenue growth of 3% to €238 million and pre-tax earnings of €12 to €13 million for the GFT Group in 2013.

We shall make major efforts to drive the strategic development of the GFT Group as a partner for technology and IT solutions in 2013. With a more focused profile, we aim to achieve profitable and sustainable growth in the coming years. The Group will continue its development around the world with the aid of organic growth and strategic acquisitions. In view of the discontinuation of our Third Party Management business (now completed), the volatile economic environment in 2012 and the ongoing risks for the economic development of our target markets, we have adjusted the medium-term outlook for the GFT Group announced in 2011. The Executive Board now expects total revenue of around €400 million and an operating pre-tax profit margin of over 6% in 2015. The underlying business plan assumes steady organic growth in combination with targeted acquisitions in both business divisions. These forecasts are based on various assumptions and currently available information and market trends. Should the circumstances change, actual results may differ.

Stuttgart, 21 March 2013

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 2012, IFRS

GFT Technologies Aktiengesellschaft, Stuttgart

€	Notes	31/12/2012	31/12/2011
Non-current assets			
Licences, industrial property rights and similar rights	①	737,212.65	945,085.00
Goodwill	①	35,949,217.28	36,399,830.18
Tangible assets	②	3,208,376.73	2,806,930.71
Securities	③	3,189,680.45	6,225,839.07
Financial assets, accounted for using the equity method	③	30,191.32	47,356.10
Other financial assets	⑤	410,502.75	433,155.26
Current tax assets	⑥	415,212.93	514,567.53
Deferred tax assets	⑥	3,505,890.51	4,201,543.60
		47,446,284.62	51,574,307.45
Current assets			
Trade receivables	⑦	44,206,480.67	50,962,108.83
Securities	⑧	1,316,100.00	982,520.00
Current tax assets	⑥	918,103.24	582,758.96
Cash and cash equivalents	⑧	35,911,786.55	32,472,593.37
Other financial assets	⑤	416,363.25	402,304.83
Other assets	⑤	1,542,577.73	1,305,256.69
		84,311,411.44	86,707,542.68
		131,757,696.06	138,281,850.13



€	Notes	31/12/2012	31/12/2011
Shareholders' equity			
Share capital	9	26,325,946.00	26,325,946.00
Capital reserve	9	42,147,782.15	42,147,782.15
Retained earnings		15,243,349.97	12,743,349.97
Changes in equity not affecting net income			
Foreign currency translations	9	578,943.10	728,294.52
Reserve of market assessment for securities	9	-363,822.95	-615,885.24
Consolidated balance sheet loss	9	-3,827,347.23	-5,713,702.92
		80,104,851.04	75,615,784.48
Liabilities			
Non-current liabilities			
Provisions for pensions	10	1,070,154.30	769,718.38
Other provisions	11	2,934,677.79	7,235,803.15
Deferred tax liabilities	6	593,418.42	585,985.06
		4,598,250.51	8,591,506.59
Current liabilities			
Other provisions	11	18,089,885.88	17,067,647.30
Current income tax liabilities	6	752,481.50	1,333,795.95
Trade payables	12	19,834,818.88	28,632,433.78
Other financial liabilities	13	685,418.71	588,991.71
Other liabilities	13	7,691,989.54	6,451,690.32
		47,054,594.51	54,074,559.06
		131,757,696.06	138,281,850.13

CONSOLIDATED INCOME STATEMENT

for the period from 1 January 2012 to 31 December 2012, IFRS
GFT Technologies Aktiengesellschaft, Stuttgart

€	Notes	2012	2011
Revenue	15	230,691,044.62	272,381,190.31
Other operating income	16	4,439,233.13	2,353,923.18
		235,130,277.75	274,735,113.49
Cost of materials:	17	108,303,665.18	157,380,291.47
Personnel expenses:			
a) Salaries and wages	18	74,959,539.66	68,203,624.11
b) Social security and expenditures for retirement pensions	10 18	14,878,024.84	14,130,151.21
		89,837,564.50	82,333,775.32
Depreciation on intangible assets and of tangible assets	19	1,567,261.60	1,354,246.93
Other operating expenses	20	23,537,763.47	22,826,726.22
Result from operating activities		11,884,023.00	10,840,073.55
Other interest and similar income	22	464,908.24	711,915.29
Income from investments		0.00	20,000.00
Profit share from associates	3	-17,164.78	3,347.15
Depreciation on securities	3 22	81,796.02	373,523.92
Interest and similar expenses	22	140,329.78	156,602.64
Financial result		225,617.66	205,135.88
Earnings before taxes		12,109,640.66	11,045,209.43
Taxes on income and earnings	6	3,774,393.07	2,755,608.32
Net income		8,335,247.59	8,289,601.11
Loss carried forward from previous year		-9,662,594.82	-11,503,304.03
Allocations to other retained earnings	9	-2,500,000.00	-2,500,000.00
Consolidated balance sheet loss		-3,827,347.23	-5,713,702.92
Net earnings per share – undiluted	26	0.32	0.31
Net earnings per share – diluted	26	0.32	0.31



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2012 to 31 December 2012, IFRS
 GFT Technologies Aktiengesellschaft, Stuttgart

€	Notes	2012	2011
Net income		8,335,247.59	8,289,601.11
Financial assets available for sale (securities):			
– Change of fair value recognised in other result during the financial year	9 14	171,655.80	-261,229.49
– Reclassification amounts to the income statement	9 14	33,257.53	0.00
		204,913.33	-261,229.49
Exchange differences on translating foreign operations:			
– Profits/losses during the financial year	14	-149,351.42	192,983.51
		-149,351.42	192,983.51
Income taxes on components of other result	14	47,148.96	73,144.25
Other result		102,710.87	4,898.27
Total result		8,437,958.46	8,294,499.38

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 December 2012, IFRS
GFT Technologies Aktiengesellschaft, Stuttgart

€	Notes	Subscribed capital	Capital reserve	Retained earnings
				Other retained earnings
As at 01/01/2011		26,325,946.00	42,147,782.15	10,243,349.97
Dividend payment June 2011	9			
Total income and expenses for financial year 2011	14			
Allocations to retained earnings 2011	9			2,500,000.00
As at 31/12/2011		26,325,946.00	42,147,782.15	12,743,349.97
Dividend payment May 2012	9			
Total income and expenses for financial year 2012	14			
Allocations to retained earnings 2012	9			2,500,000.00
As at 31/12/2012		26,325,946.00	42,147,782.15	15,243,349.97

¹ Net income



Other result		Consolidated balance sheet loss	Total share capital
Foreign currency translations	Market assessment for securities		
535,311.01	-427,800.00	-7,554,412.13	71,270,177.00
		-3,948,891.90	-3,948,891.90
192,983.51	-188,085.24	8,289,601.11 ¹	8,294,499.38
		-2,500,000.00	0.00
728,294.52	-615,885.24	-5,713,702.92	75,615,784.48
		-3,948,891.90	-3,948,891.90
-149,351.42	252,062.29	8,335,247.59 ¹	8,437,958.46
		-2,500,000.00	0.00
578,943.10	-363,822.95	-3,827,347.23	80,104,851.04

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January 2012 to 31 December 2012, IFRS
GFT Technologies Aktiengesellschaft, Stuttgart

€	Notes	2012	2011 ¹
Net income		8,335,247.59	8,289,601.11
Taxes on income and earnings	6	3,774,393.07	2,755,608.32
Interest income		-324,578.46	-555,312.65
Interest paid		-63,261.97	-27,720.64
Income taxes paid		-2,284,336.75	-1,702,501.68
Depreciation on tangible and intangible assets	2	1,567,261.60	1,354,246.93
Changes in provisions		-2,897,291.69	-3,378,922.57
Other non-cash expenses/income		215,774.51	442,462.72
Profit from the disposal of tangible and intangible assets as well as financial assets		19,692.33	38,353.35
Changes in trade receivables		6,502,976.33	4,996,448.40
Changes in other assets		215,162.07	2,381,164.82
Changes in trade liabilities and other liabilities		-9,452,952.93	-2,247,552.63
Cash flow from operating activities	25	5,608,085.70	12,345,875.48
Cash receipts from sales of financial assets		2,530.91	0.00
Cash payments to acquire financial assets	2	-1,597,873.22	-1,143,108.34
Cash payments to acquire non-current intangible assets	2	-194,888.21	-419,403.80
Cash receipts from sales of financial assets		3,000,000.00	6,226,500.00
Cash payments to acquire consolidated companies net of cash and cash equivalents acquired		0.00	-7,884,592.87
Interest received		545,059.65	944,853.30
Cash flow from investing activities	25	1,754,829.12	-2,275,751.71
Payments to shareholders	9	-3,948,891.90	-3,948,891.90
Cash flow from financing activities	25	-3,948,891.90	-3,948,891.90
Influence of exchange rate fluctuations on cash and cash equivalents		25,170.27	118,366.37
Change in cash funds from cash-relevant transactions		3,439,193.19	6,239,598.24
Cash funds at the beginning of the period	25	32,472,593.37	26,232,995.13
Cash funds at the end of the period	25	35,911,786.56	32,472,593.37

¹ With regard to the adjustment of the prior-year figure, we refer to point 25 of the Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2012

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 2012 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 2012 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 prepared by the Executive Board of GFT AG on 21 March 2013 and approved by the Supervisory Board on 21 March 2013.

GFT is an international provider of innovative IT solutions, active in the GFT Solutions (formerly Services) and emagine (formerly Resourcing) divisions. 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 2012

The table below presents those pronouncements and amendments released by the IASB for initial application in financial year 2012 which had no or only minor effect on the presentation of the assets, financial and earnings position, nor on the cash flows of the GFT Group:

Standard/Interpretation	
IFRS 7	Financial Instruments: Disclosures (Amendments October 2010)

The aim of IFRS 7 is to require companies to make disclosures in their Annual Financial Statements which will enable users to assess the importance of financial instruments for the company's financial position and performance as well as the nature and extent of the risks arising from financial instruments which the company is exposed to during the reporting period and as of the balance sheet date, and how the company manages such risks. The principles contained in this IFRS complement the principles for recognition, measurement and presentation of financial assets and financial liabilities stated in IAS 32 Financial Instruments. This

IFRS is to be applied by all companies for all types of financial instruments with certain exceptions. We refer in this connection to the tables on pages 78–81. There were no material effects on the Consolidated Financial Statements.

The table below shows which new or amended standards or interpretations issued by the IASB and adopted by the EU have not yet been applied by GFT in the financial year 2012, as permitted.

Standard/Interpretation		Applicable to financial years from	Planned first application at GFT from
IAS 12	Income Taxes (Amendments December 2010) ²	1 January 2013	1 January 2013
IFRS 7	Financial Instruments: Disclosures (Amendments of December 2011) ²	1 January 2013	1 January 2013
IFRS 10	Consolidated Financial Statements ²	1 January 2014	1 January 2014
IFRS 11	Joint Arrangements ²	1 January 2014	1 January 2014
IFRS 12	Disclosures of Interests in Other Entities ²	1 January 2014	1 January 2014
IFRS 13	Fair Value Measurement ²	1 January 2013	1 January 2013
IAS 1	Presentation of Financial Statements (Amendment June 2011) ¹	1 July 2012	1 January 2013
IAS 19	Employee Benefits (Amendment June 2011) ²	1 January 2013	1 January 2013
IAS 27	Separate Financial Statements (May 2011) ²	1 January 2014	1 January 2014
IAS 28	Investments in Associates and Joint Ventures (May 2011 version) ²	1 January 2014	1 January 2014
IAS 32	Financial Instruments: Presentation (December 2011) ²	1 January 2014	1 January 2014

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

² Effect on the Consolidated Financial Statements of GFT AG still has to be ascertained.

Investment property often makes it difficult to assess whether existing temporary tax differences are recovered as part of continuing use or in the wake of a sale. The amendment of IAS 12 now clarifies that the valuation of deferred taxes must proceed based on the rebuttable assumption that the amount will be reversed through sale.

This amendment to IAS 32 clarifies which requirements there are for off-setting financial instruments. The amendment explains the significance of the current setting-off right and clarifies which procedures with gross settlement as net settlement can be considered in terms of the standard. Together with these clarifications, the regulations in IFRS 7 concerning disclosures in the notes to the Financial Statements were also extended.

In May 2011, four new standards were published (IFRS 10, 11, 12, 13) which are to be applied as of 1 January 2013 or January 2014. 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.

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.

III. Consolidated group

In addition to GFT Technologies AG (»GFT AG«), the Consolidated Financial Statements as at 31 December 2012 also included the following subsidiaries (fully consolidated):

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

Compared to the Consolidated Financial Statements as at 31 December 2011, the following changes have resulted for the consolidated group and the subsidiaries.

On 19 October 2012, GFT UK Limited, London, founded Emagine Consulting Limited, London. The newly founded company has been included in the consolidation since 19 October 2012. Since its foundation, Emagine Consulting Limited has not yet established any notable business operations; its initial consolidation did not have any major effect on the Group's assets, financial and earnings position.

On 3 July 2012, GFT Appverse, S.L.U., domiciled in Sant Cugat del Vallès, was founded by GFT Iberia Holding, S.A.U.. GFT Appverse, S.L.U., has been included in the consolidation since 3 July 2012. GFT Appverse, S.L.U., has not yet established any notable business operations; its initial consolidation did not have any major effect on the Group's assets, financial and earnings position.

On 13 April 2012, GFT Technologies AG acquired Neckarsee 254. VV GmbH and changed its name to GFT Beteiligungsgesellschaft mbH on 18 June 2012. The Company's offices are located in Filderhauptstrasse 142, 70599 Stuttgart, Germany. On 15 August 2012, GFT Beteiligungsgesellschaft mbH was renamed as GFT Real Estate GmbH. Its offices are still in Stuttgart. The Company's object is the management of its own and third-party property, including the purchase and sale of

property, its letting, leasing, construction and refurbishment, as well as all respective legal transactions. Its initial consolidation did not have any major effect on the Group's assets, financial and earnings position.

In the first half-year 2012, the following adjustment was made with regard to the business combination with GFT Financial Solutions AG, Opfikon, Switzerland (formerly Asymo AG, Adliswil, Switzerland):

Compared to the parameters used in planning calculations, the expected value of the conditional consideration was reduced by €431 thousand due to subsequent improved data.

Moreover, there were foreign exchange losses of €10 thousand with regard to the measurement of the conditional consideration.

As at 31 December 2012, the carrying value of the conditional consideration changed as follows:

€ thsd.	2012
Carrying value as of 1 January 2012	4,640
Adjustment to the expected value as of 30 June 2012	-431
Interest and currency effects	152
Payment of 1 st tranche	-1,228
Carrying value as of 31 December 2012	3,133

The resulting goodwill from the acquisition of Asymo AG developed as follows:

€ thsd.	2012
Goodwill Asymo AG as of 1 January 2012	10,982
Foreign exchange adjustment	77
Adjustment to the expected value of the conditional consideration	-431
Goodwill Asymo AG as of 31 December 2012	10,628

The resulting goodwill from the acquisition of G2 Systems developed as follows:

€ thsd.	2012
Goodwill G2 Systems as of 1 January 2012	5,049
Adjustment to the expected value	0
Foreign exchange adjustment	-95
Goodwill as of 31 December 2012	4,954

As at 31 December 2012, the carrying value of the conditional consideration for G2 Systems changed as follows:

€ thsd.	2012
Carrying value as of 1 January 2012	3,575
Adjustment to the expected value as of 31 December 2012	-2,375
Interest and currency effects	71
Payment of 1 st tranche	-757
Carrying value as of 31 December 2012	514

The change in the carrying value of the conditional consideration results from reduced income expectations and the resulting lower payment obligation towards the former owners.

Equity holdings acc. to Section 313 (2) German Commercial Code (HGB) are presented on page 51.

IV. Consolidation methods

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

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

Capital was consolidated through application of the purchase method by offsetting the investment carrying values with the revalued equity of the subsidiaries at the time of acquisition. In this process, the acquired assets, debts and possible liabilities are stated at their current value at the time of acquisition. Remaining positive differences are reported as goodwill. Negative differences from initial consolidation are eliminated after renewed assessment and recognised in profit or loss. The hidden reserves and encumbrances disclosed are amortised on the basis of the corresponding assets and debts.

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

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

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

Those investments though, in which GFT AG possesses a significant influence (associated companies) – usually due to an equity holding ranging between 20% and 50% – are valued in accordance with the equity method. For investments valued in accordance with the equity method, historical costs are increased or reduced annually by the amount of respective equity changes in the GFT stake. For first-time inclusion of investments in accordance with the equity method, differences from first-time consolidation are treated in accordance with the principles of full consolidation. As in the previous year, the shares in associated companies (»Investment in associates reported according to the equity method«), as well as the profit from associated companies recognised on 31 December 2012, concern the shares in eQuadriga Software Private Limited, Trichy, India, as well as shares in the Youdress GmbH, Stuttgart. We refer to point 4 of the Notes to the Group Financial Statements.

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

V. Foreign currency

Business transactions in foreign currency

Business transactions in foreign currency are translated into the Group's respective functional currency at the currency spot rates on the day of the transaction. Monetary assets and liabilities denominated in a foreign currency on the reporting date are translated into the functional currency at the currency spot rates of exchange on the reporting date. Foreign currency gains and losses of monetary items result from the difference between amortised cost in the functional currency at the beginning of the financial year, adjusted for the effective interest rate and payments of the year, and the amortised cost in the foreign currency, translated at the exchange rate at the end of the financial year.

Non-monetary assets and liabilities measured at fair value in a foreign currency, are translated at the exchange rate valid on the date when fair value was assessed. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the date of the initial transaction.

Currency translation differences are always recognised in the income statement of the period.

Foreign operations

Assets and liabilities of foreign operations, including goodwill and adjustments to fair value arising on acquisition, are translated into euro at the exchange rate valid on the balance sheet date. Income and expenditure from foreign operations are translated at the exchange rate valid on the date of the respective transaction.

Currency translation differences are recognised in other comprehensive income and disclosed in equity under foreign currency reserves (Foreign currency translations).

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 – 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.

Goodwill, including goodwill from the capital consolidation is no longer subject to scheduled depreciation. In accordance with IAS 36 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 goodwill 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 divisions (GFT Solutions and emagine) 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 up to their fair value less selling costs, their value in use, or at most the entire 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 and is based on the regular use of these development costs in the Group. In the financial year 2012, no development costs were capitalised.

Tangible assets

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

Non-scheduled depreciation on intangible assets is executed in accordance with IAS 36 if the recoverable amount of the respective asset has dropped below the carrying value. The recoverable amount is the higher value from value in use and fair value, minus selling costs. Should the reasons giving rise to the non-scheduled depreciation charge cease to apply, appropriate write-ups are recognised. See the information on intangible assets and impairment test above for the impairment test procedure.

If tangible assets (or long-term immaterial assets) are leased, and if the economic ownership remains with the lessor, the leasing rates are recognised on a straight-line basis as expense over the term of the leasing relationship (operating lease).

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. 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.

– **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 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 are measured at fair value at the time of their initial recognition.

- **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.

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.

Other 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

In the »GFT Solutions« division, 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. The percentage of completion is measured on the basis of the performance rendered as of the balance sheet date. 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. In the »emagine« division, revenues resulted solely from services recognised in accordance with IAS 18. Services in the »emagine« division are rendered solely by recruited freelancers, while in the »GFT Solutions« division, revenues are generated almost exclusively by the Company's own employees. 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 taxes are calculated on the basis of the respective national taxable results of the year and the national tax regulations. In addition, current taxes of the year include adjustment amounts for possible tax payments and rebates due for years not yet assessed and possibly also interest and penalties on tax arrears. The change in deferred tax assets and liabilities is reflected in income taxes. An exception to the aforementioned are changes which are to be recognised directly in equity.

Deferred tax assets and liabilities are determined on the basis of temporary differences between financial reporting and the tax basis of assets and liabilities, including differences from consolidation, loss carryforwards and tax credits. Measurement is based on the tax rates expected to be effective in the period in which an asset is realised or a liability is settled. For this purpose, those tax rates and tax regulations are used which have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised to the extent that taxable profit at the level of the relevant tax authority will be available for the utilisation of the deductible temporary differences. GFT recognizes a valuation allowance for deferred tax assets when it is unlikely that a sufficient amount of future taxable profit will be available. Tax benefits resulting from uncertain income tax positions are recognised at the best estimate of the tax amount expected to be paid.

The calculation of income taxes for GFT and its subsidiaries is based on the valid laws and ordinances of the individual countries. Due to their complexity, the tax items presented in the Financial Statements are possibly subject to different interpretation by taxpayers on the one hand and local tax authorities on the other. For the calculation of deferred tax assets, assumptions have to be made regarding future taxable income and the time of realisation of the deferred tax assets. In this context, we take into consideration, among other things, the projected earnings from business operations, the effects on earnings of the reversal of taxable temporary differences, and realizable tax strategies. As future business developments are uncertain and are sometimes beyond the Group's control, the assumptions to be made in connection with accounting for deferred tax assets are connected with a substantial degree of uncertainty. On each balance sheet date, GFT carries out impairment tests on deferred tax assets on the basis of the planned taxable income in future financial years; if the Group assesses that the probability of future tax advantages being partially or fully unrealised is more than 50%, the deferred tax assets are impaired.

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. 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, judgements 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. These 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. 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 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 judgements made in the preparation of these Consolidated Financial Statements are to be found in the explanations of individual Financial Statement items.

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 in the following table.

CONSOLIDATED FIXED ASSETS 2012

GFT Technologies Aktiengesellschaft, Stuttgart

Acquisition or production costs						
As at						As at
€	01/01/2012	Additions from changes in consolidated Group	Additions from reclassifications (R)	Disposals from reclassifications (R)	Currency changes	31/12/2012
Intangible assets						
Intangible assets in use	3,464,288.79	942.00	193,946.21 8,940.00 (R)	110,570.94	12,187.05	3,569,733.11
Prepaid expenses	8,940.00	0.00	0.00	-8,940.00 (R)	0.00	0.00
Licences, industrial property rights and similar rights	3,473,228.79	942.00	202,886.21	101,630.94	12,187.05	3,560,793.11
Goodwill	36,399,830.18	0.00	0.00	431,399.02	-19,213.88	35,949,217.28
	39,873,058.97	942.00	202,886.21	533,029.96	-7,026.83	39,510,010.39
Tangible assets						
Developed land and buildings, prepaid expenses	0.00	0.00	383,282.95	0.00	0.00	383,282.95
Other equipment, office and factory equipment in use	10,484,217.13	0.00	1,194,509.44 4,303.95 (R)	415,443.63	-54,273.33	11,209,009.61
Prepaid expenses	4,303.95	0.00	0.00 (R)	-4,303.95 (R)	0.00	0.00
Construction on foreign property	257,614.05	0.00	20,080.83	0.00	0.00	277,694.88
	10,746,135.13	0.00	1,602,177.17	411,139.68	-54,273.33	11,869,987.44
	50,619,194.10	942.00	1,805,063.38 13,243.95 (R)	944,169.64 -13,243.95 (R)	-61,300.16	51,379,997.83



Depreciation					Book values	
As at				As at	As at	As at
01/01/2012	Depreciation of the financial year scheduled	Disposals	Currency changes	31/12/2012	31/12/2012	31/12/2011
2,528,143.79	402,381.43	110,570.94	3,626.18	2,823,580.46	737,212.65	936,145.00
0.00	0.00	0.00	0.00	0.00	0.00	8,940.00
2,528,143.79	402,381.43	110,570.94	3,626.18	2,823,580.46	737,212.65	945,085.00
0.00	0.00	0.00	0.00	0.00	35,949,217.28	36,399,830.18
2,528,143.79	402,381.43	110,570.94	3,626.18	2,823,580.46	36,696,429.93	37,344,915.18
0.00	0.00	0.00	0.00	0.00	383,282.95	0.00
7,736,370.45	1,104,086.67	411,034.92	-31,438.96	8,397,983.24	2,811,026.37	2,747,846.68
0.00	0.00	0.00	0.00	0.00	0.00	4,303.95
202,833.97	60,793.50	0.00	0.00	263,627.47	14,067.41	54,780.08
7,939,204.42	1,164,880.17	411,034.92	-31,438.96	8,661,610.71	3,208,376.73	2,806,930.71
10,467,348.21	1,567,261.60	521,605.86	-27,812.78	11,485,191.17	39,894,806.66	40,151,845.89

CONSOLIDATED FIXED ASSETS 2011

GFT Technologies Aktiengesellschaft, Stuttgart

Acquisition or production costs						
As at						As at
€	01/01/2011	Additions from changes in consolidated Group	Additions from reclassifications (R)	Disposals from reclassifications (R)	Currency changes	31/12/2011
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	0.00	-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		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
	32,792,355.82	16,309,755.87	1,562,512.14 76,587.45 (R)	194,921.70 -76,587.45 (R)	149,491.97	50,619,194.10



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	993,240.61	173,227.11	-13,276.03	7,736,370.46	2,747,846.67	2,601,922.52
0.00	0.00	0.00	0.00	0.00	4,303.95	0.00
153,248.38	49,585.58	0.00	0.00	202,833.96	54,780.09	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
9,286,541.53	1,354,246.93	173,227.11	-213.14	10,467,348.21	40,151,845.89	23,505,814.29

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 2013 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 discount rate of 6.0% for the cash-generating unit GFT Solutions and 4.0% for the cash-generating unit emagine (prev. year: uniform rate of 8.5%) before taxes. The recoverable amount of the cash-generating units was thus determined as value in use. For the financial year 2012, the method used to calculate the discount rates was refined. For the first time, the discount rate was calculated separately for the two business divisions.

For the cash flow forecasts for the cash generating unit »GFT Solutions – Finance & Insurance«, management assumes that existing and new client business, based on planning for the financial year 2013, can be increased by 2% in the years 2014 to 2016 and thereafter maintained at a constant level. For the cash-generating segment »emagine«, management assumes growth, based on planning for the financial year 2013, of 8% for existing and new client business in each of the years 2014 to 2016, adjusted for TPM business, and thereafter at a constant 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.	31/12/2012	31/12/2011
Cash-generating units		
GFT Solutions – Finance & Insurance	29,920	30,371
GFT Solutions – Postal & Logistics & Others	–	–
emagine	6,029	6,029
	35,949	36,400

Due to the results of the impairment test in financial year 2012 (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.	2012
Carrying value = gross amount 01/01/2012	36,400
Adjustment of expected value GFT Financial Solutions AG Switzerland	-431
Foreign currency/interest effects	-20
Carrying value = gross amount 31/12/2012	35,949

Details on the acquisition of the two above mentioned companies (business combination) are provided under point 23 of the Notes to the Consolidated Financial Statements.

Intangible assets reported under licenses, industrial property rights and similar rights relate to software acquired for consideration, as well as identifiable customer bases from the acquisition of GFT Financial Solutions AG, Switzerland, and the consulting division of G2 Systems, USA (€737 thousand; prev. year €945 thousand).

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

2 Tangible assets

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

Tangible assets are measured at acquisition or manufacturing costs less accumulated depreciation and accumulated impairment losses.

Acquisition or manufacturing costs include expenses directly attributable to the acquisition of the asset. The manufacturing costs of internally produced assets include the following:

- directly allocable material expenses and wages/salaries
- all other directly allocable costs incurred in order to put the asset in a condition which makes it ready for its intended purpose.

The assets of the GFT Group do not include any internally produced assets at present.

Any gain or loss from the disposal of a tangible asset (calculated as the difference between the net sales proceeds and the item's carrying amount) is recognised in profit or loss.

The amounts disclosed in the item »Construction on foreign property« refer to leasehold improvements in rented offices.

As in the previous year, non-scheduled depreciation on property, plant and equipment due to impairment was not necessary in the financial year 2012.

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 securities available as of 31 December 2012 consist of interest-bearing debt instruments and are broken down as follows:

€ thsd.	31/12/2012	31/12/2011
Category in accordance with IAS 39		
Available-for-sale financial assets	3,071	6,114
Financial assets at fair value through profit and loss	118	112
	3,189	6,226

The measurement of securities disclosed as »held-to-maturity« until their reclassification resulted in expenses charged to profit or loss in financial year 2012 of €0 thousand (prev. year: €60 thousand). Due to the reclassification conducted on 30 June 2011, changes in fair value after this point were recognised directly in other comprehensive income under »Reserve of market assessment for securities«. As of 31 December 2012, this led to a decrease in the negative reserve of €68 thousand (prev. year: increase of €112 thousand). The development of reserves is explained in point 8 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 €3 in financial year 2012 (prev. year: €0 thousand).

The inventory of securities as at 31 December 2012 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 2012, 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 2012, 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: 50.0%).

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 2012 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 2012 were recognised according to the equity method.

As on the one hand the associated company eQuadriga Software Private Limited prepares its balance sheet based on principles similar to those of the GFT Group, providing generally uniform accounting and measurement policies, and on the other no information in this regard was available, no possibly necessary adjustments of the Annual Financial State-

ments 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.	2012	2011
eQuadriga Software Private Limited:		
Disclosures to the balance sheet (31 December)		
Assets	78	141
Equity	69	140
Liabilities	9	1
Disclosures to the income statement		
Revenue	280	411
Profit/loss for the year	-60	34

€ thsd.	2012	2011
Youdress GmbH:		
Disclosures to the balance sheet (31 December)		
Assets	86	90
Equity	-20	-15
Liabilities	106	105
Disclosures to the income statement		
Revenue	0	20
Profit/loss for the year	-5	-15

The non-recognised pro rata loss of Youdress GmbH for the period amounts to €3 thousand (prev. year: €7 thousand) and accumulated to €10 thousand (prev. year €7 thousand).

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 2012, incowia GmbH distributed €0 thousand (prev. year: €20 thousand) to GFT AG.

Equity holdings acc. to Section 313 (2) German Commercial Code (HGB) are presented in the following table.

4

Investment holdings

As at 31 December 2012 GFT AG holds direct and indirect shares of at least 20% in the following companies:

Name	Location	Share of the capital		Equity 31/12/2012	Results for the financial year 2012
Direct investments					
GFT Technologies (Schweiz) AG	Opfikon, Switzerland	100%	CHF	1,008,872.32	CHF 21,358.96
GFT UK Limited	London, UK	100%	EUR	2,602,777.71	EUR 2,876,160.01
GFT Iberia Holding, S.A.U.	Sant Cugat del Vallès, Spain	100%	EUR	6,581,992.96	EUR 3,546,137.01
GFT Resource Management GmbH ¹	Eschborn, Germany	100%	EUR	1,790,642.03	EUR 0.00 ¹
GFT Technologies SARL ²	Neuilly-sur-Seine, France	100%	EUR	2,694,368.19	EUR 570,382.13
Youdress GmbH	Stuttgart, Germany	50%	EUR	-14,724.24	EUR -14,814.11
GFT Holding France SARL	Neuilly-sur-Seine, France	100%	EUR	1,018.41	EUR 344.74
eQuadriga Software Private Limited	Trichy, India	30%	INR	5,691,212.00	INR -4,134,100.00
GFT Innovations GmbH	Stuttgart, Germany	100%	EUR	34,596.19	EUR -22,376.21
GFT Financial Solutions AG	Opfikon, Switzerland	100%	CHF	2,446,279.86	CHF 1,733,207.69
GFT Real Estate GmbH	Stuttgart, Germany	100%	EUR	-36,293.74	EUR -61,293.74
Indirect investments					
GFT IT Consulting, S.L.U.	Sant Cugat del Vallès, Spain	100%	EUR	8,228,137.62	EUR 4,016,202.25
GFT Brasil Consultoria Informática Ltda.	São Paulo, Brazil	100%	BRL	1,924,950.42	BRL 111.19
GFT USA, Inc.	New York, USA	100%	USD	5,653,602.80	USD 3,204,071.85
emagine gmbh ³	Eschborn, Germany	100%	EUR	46,602.62	EUR 1,074.65
GFT Flexwork GmbH ³	Stuttgart, Germany	100%	EUR	375,000.00	EUR 0.00 ²
GFT Software Factory Iberia. S.L.U.	Lleida, Spain	100%	EUR	205,230.43	EUR -196,776.69
GFT Appverse, S.L.U.	Sant Cugat del Vallès, Spain	100%	EUR	-4,144.09	EUR -7,144.09
GFT UK Invest Limited	London, UK	100%	EUR	388,075.38	EUR -295,676.98
Emagine Consulting Limited	London, UK	100%	GBP	100,000.00	GBP 0.00

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.

³ GFT Resource Management GmbH was renamed as emagine gmbh on 13 February 2013. GFT Technologies SARL was renamed as emagine Consulting SARL on 1 January 2013. emagine gmbh was renamed as emagine TPM GmbH on 23 January 2013. GFT Flexwork GmbH was renamed as emagine Flexwork GmbH on 11 January 2013.

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 2012.

5 Other assets

Other assets can be broken down as follows:

€ thsd.	31/12/2012	31/12/2011
Non-current assets		
Deposits	411	433
	411	433
Other current financial assets		
Deferred interest	198	127
Deposits	100	106
Receivables from employees	52	45
Creditors with debit balance	29	18
Others	37	106
	416	402
Other current assets		
Claims for VAT and other tax refunds	429	832
Accruals	998	466
Receivables from social security fund	116	7
	1,543	1,305
Total current	1,959	1,708
Total other assets	2,370	2,140

6 Income tax

The item income tax shown in the income statement includes:

€ thsd.	2012	2011
Current tax expense	3,035	1,925
Deferred tax expense	739	831
Tax expense	3,774	2,756

The current tax expense includes out of period current tax proceeds of €82 thousand (prev. year €534 thousand).

The deferred income taxes were due to the following causes:

€ thsd.	2012	2011
From temporary differences	42	-5
From taxable loss carry-forwards	697	836
Deferred tax expense	739	831

The deferred tax expense includes a deferred tax expense due to depreciations of deferred tax assets of €0 (prev. year: €0 thousand). From assets credited directly to other comprehensive income, deferred taxes of €47 thousand (prev. year: €-73 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 €0 thousand (prev. year: €9 thousand).

The deferred tax expense is reduced by the corrected recognition of deferred tax assets on tax loss carry-forwards (€697; prev. year: €836 thousand) and temporary differences (€42 thousand; prev. year: €-5 thousand).

Deferred tax assets and liabilities disclosed in the balance sheet are broken down as follows:

€ thsd.	31/12/2012	31/12/2011
Deferred tax assets	3,506	4,202
Ongoing claim to income tax (Assets from corporate tax according to § 37 KStG)	415	515
Short term assets from profits tax	918	583
	4,839	5,300

€ thsd.	31/12/2012	31/12/2011
Deferred tax liabilities	593	586
Current tax liabilities	752	1,334
	1,345	1,920

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

€ thsd.	31/12/2012	31/12/2011
Taxable loss carry-forwards	2,809	3,506
Other provisions	390	344
Intangible assets and equipment	91	161
Provisions for pensions	133	89
Anniversary and other provisions for employees	58	61
Provisions for possible losses	25	27
Securities	–	14
Deferred tax assets	3,506	4,202

€ thsd.	31/12/2012	31/12/2011
Receivables	314	269
Intangible assets and equipment	199	187
Holdings	70	70
Other provisions	10	60
Deferred tax liabilities	593	586

There are loss carry forwards for German Group companies amounting to €23 thousand (prev. year: €18 thousand) for corporation tax/solidarity surcharge and loss carry forwards for trade tax of €23 thousand

(prev. year: €18 thousand) for which no deferred tax assets could be formed as no future settlement is currently expected. Loss carry forwards for which no deferred tax assets could be formed are non-forfeitable.

No deferred tax assets were formed for cumulative carry forwards of tax losses of German Group companies amounting to €0 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 2012 refers to GFT Technologies AG (€2,809 thousand; prev. year: €3,506 thousand). After GFT AG was able to use tax loss carry-forwards for the seventh consecutive year in the financial year 2011, a first loss was posted in 2012. For this reason, there was a recognition correction for 2012 and the following years of €696 thousand.

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 of €2,809 thousand can be used. GFT has thus capitalised deferred tax loss carry forwards to the extent at which their use in the planning horizon appears probable.

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:

€ thsd.	2012	2011
Earnings before income taxes	12,110	11,045
Expected tax expenses at 28.0% (prev. year: 28.0%)	3,391	3,093
Other non tax-deductible expenses and tax-free income	-937	206
Current financial year losses which cannot be offset by tax assets	0	6
Recognition correction on deferred assets	903	-36
Tax rate differences	373	20
Aperiodic effects (income tax for prev. years)	82	-534
Other tax effects	-38	1
Effective tax expense	3,774	2,756
Effective tax rate	31.2%	25.0%

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 €23,174 thousand (prev. year: €23,146 thousand).

Income taxes in Germany and abroad are broken down as follows:

€ thsd.	2012	2011
Germany		
Current income taxes	-21	-78
Deferred income taxes	727	1,009
Abroad		
Current income taxes	3,056	2,003
Deferred income taxes	12	-178
Total current income taxes	3,035	1,925
Total deferred income taxes	739	831
Total income tax expense	3,774	2,756

Deferred tax assets are netted with deferred tax liabilities if they refer to income taxes levied by the same taxation authority and if there is the right to set off current tax assets against current tax liabilities. In the balance sheet, deferred tax assets and liabilities are not broken down

into current and non-current. The following table shows the Group's deferred tax assets and liabilities.

€ thsd.	2012	2011
Deferred tax assets	3,506	4,202
Deferred tax liabilities	-593	-586
Balance as of 31 Dezember	2,913	3,616

The development of net deferred tax assets in 2012 is shown in the following table:

€ thsd.	2012	2011
As of 1 January	4,202	4,948
Use	-696	-746
As of 31 Dezember	3,506	4,202

Including the items recognised in other comprehensive income (including amounts from financial investments accounted for using the equity method), the tax expense is broken down as follows:

€ thsd.	2012	2011
Deferred taxes in the income statement	786	394
Deferred taxes in other comprehensive income	-47	73
Total	739	467

7 Inventories and trade receivables

Trade receivables result from ongoing business and are all due in the short-term, as in the previous year. Required value adjustments based on the probable risk of default are taken into account with €283 thousand (prev. year: €479 thousand). Trade receivables, in accordance with IAS 11, include realised revenue from unfinished projects as at the balance sheet date in the amount of €20,587 thousand (prev. year: €15,111 thousand) minus prepayments received in the amount of €16,733 thousand (prev. year: €9,231 thousand). Order revenue recognised in the period from production orders as defined by IAS 11 are not recognised separately by GFT. Revenue of the GFT Solutions

division includes revenue of €24,589 thousand (prev. year: €9,120 thousand) recognised using the percentage of completion method. This was opposed by costs of €22,488 thousand (prev. year: €8,409 thousand). There was therefore a profit of €2,101 thousand (prev. year: €711 thousand).

The cumulative value adjustments on trade receivables developed as follows:

€ thsd.	2012	2011
As at 1 January	479	310
Transfers	64	199
Drawing	-48	-46
Write-backs	-212	-28
Additions from changes in consolidated Group	–	44
As at 31 December	283	479

8 Securities as well as cash and cash equivalents

As at 31 December 2012, GFT Group securities disclosed under current assets are used for contingency capital insurance and interest rate opti-

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

€ thsd.	31/12/2012	31/12/2011
Category in accordance with IAS 39		
Financial assets at fair value through profit and loss	455	258
Financial assets available for sale	861	725
Total	1,316	983

The rating of the securities »measured at fair value through profit or loss« led to income in 2012 in the income statement of €197 thousand (prev. year: €0 thousand due to write-ups) and to expenses of €0 thousand (prev. year: €252 thousand). In financial year 2012 as well as in financial year 2011, no securities from the category »measured at fair value through profit or loss« were bought or sold.

The amendment of the fair value of non-current and current securities »available for sale« led, as at 31 December 2012, to a lower negative »Reserve for the market assessment for securities« in equity of €252 thousand (prev. year: a higher negative reserve of €188 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. As of 31 December 2012, the »Reserve for the market assessment for securities« amounts to €-364 thousand including income taxes of €120 thousand (prev. year: €-616 thousand including income taxes of €73 thousand).

In financial year 2012, the »Reserve for the market assessment for securities« developed as follows:

€ thsd.	2012	2011
As of 1 January	-616	-428
Change in the fair value of non-current securities (see point 3)	35	-112
Reclassification to the income statement	33	0
Change in the fair value of current securities	137	-149
Income taxes	47	73
As of 31 Dezember	-364	-616

As in the previous year, the inventory of securities as at 31 December 2012 consists solely of debt issues with good credit standing. At least on every balance sheet date GFT determines whether objective indications are present that an impairment of securities is present. When deciding whether the impairment of an asset is to be classified as permanent, GFT also takes into consideration the ability and intention to keep the asset up to the recovery of its fair value, the likelihood that the fair value

will again reach the acquisition value of the asset as well as the course of interest payments. There were no factors for impairment as of 31 December 2012.

Cash and cash equivalents of the total company include cash (€2 thousand; prev. year €3 thousand) and short-term liquid credit at banks (€35,910 thousand; prev. year €32,470 thousand).

9

Shareholders' equity

Please refer to the separately presented statement of changes in equity for the equity development during the financial years 2012 and 2011.

As at 31 December 2012 share capital in the amount of €26,325,946.00 consisted of 26,325.946 no-par bearer shares (unchanged from 31 December 2011) 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 2012 and in previous financial years.

The changes in equity not affecting results include income and expenses to be recognised in other comprehensive income 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 shares of non-controlling 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.

In the financial year 2012, a dividend of €0.15 per share was distributed to shareholders, totalling €3,949 thousand (prev. year: €0.15 per share, totalling €3,949 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 2012.

Authorised Capital

The development of equity during the financial years 2012 und 2011 is presented in the separately disclosed Statement of Changes in Equity on pages 32–33.

As at 31 December 2012, there was therefore unutilised Authorised Capital in the amount of €10,000,000.00 (31 December 2011 €10,000,000.00).

Conditional Capital

Conditional Capital amounted to €10,000,000.00 as at 31 December 2012 (prev. year: €7,500,000.00).

10 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 2012 for contribution-oriented plans to public and private pensions regulatory authority of €7,373 thousand (prev. year: €6,742 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 2012 and in the previous year.

»Fully insured« BVG plans refer to those plans for which all actuarial risks, including capital market risks, are borne by an insurance company, at least temporarily. The BVG provisioning of the Swiss subsidiary of GFT AG comprises 51 active insured parties and no pension recipient as at 31 December 2012 (prev. year: 60 active insured parties and no pension recipient).

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

	31/12/2012	31/12/2011
Discount rate (Germany)	2.76%	4.30%
Discount rate (Switzerland)	2.00%	2.50%
Expected increase in pensions (Germany)	2.00%	2.00%
Expected increase in pensions (Switzerland)	0.00%	0.00%
Expected salary increase (Germany)	2.00%	2.75%
Expected salary increase (Switzerland)	2.00%	2.00%
Expected return on plan assets (Germany)	0.50%	0.50%
Expected return on plan assets (Switzerland)	3.50%	3.50%

Assumptions relative to average fluctuation for the German plans were not necessary due to the small number of people involved. The »2005 RT 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 (2012) and the four preceding years can be taken from the following table:

€ thsd.	31/12/2012	31/12/2011	31/12/2010	31/12/2009	31/12/2008
Present value of obligations for rights accrued	7,807	6,291	3,770	2,410	2,692
Plan assets at fair value	-4,801	-4,524	-2,625	-1,855	-1,798
Net obligation	3,006	1,767	1,145	555	894

Of the present value for rights accrued, €7,051 thousand (prev. year: €5,713 thousand) refer to pension plans that are financed completely or partially through plan assets, and €756 thousand (prev. year: €578 thousand) to pension plans that are not financed by plan assets.

The experience adjustments to the liabilities of the plans came to €84 thousand in financial year 2012 (2011: €119 thousand; 2010: €56 thousand); the experience adjustments to the plan assets came to €106 thousand (2011: €39 thousand; 2010 €51 thousand).

€ thsd.	2012	2011
Change in present value of defined benefits		
Present value of defined benefits 1 January	6,291	3,770
Addition of performance-oriented plans GFT Financial Solutions AG, Switzerland	0	1,453
Service cost for the period	879	525
Interest expense	177	149
Actuarial gains (+)/losses (-)	883	466
Pension payments	-463	-160
Currency differences	40	88
Defined benefits present value 31 Dezember	7,807	6,291
Fair value of plan assets 31 Dezember to be enclosed	-4,801	-4,524
Net amount recognised	3,006	1,767
Adjustment due to non-realised actuarial gains (+)/losses (-)	1,936	-997
Pension provisions	1,070	770

Additions in 2011 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 2012.

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.	2012	2011
Change in the fair value of the plan assets		
Fair value 1 Januar	4,524	2,625
Addition of plan assets GFT Financial Solutions (Schweiz) AG	0	1,410
Expected return on plan assets	151	109
Actuarial gains/losses	-107	-38
Contributions by employer	312	234
Contributions by employees	312	234
Benefits paid	-424	-123
Currency differences	33	73
Fair value 31 Dezember	4,801	4,524

Employer contributions to the plan assets in the amount of €296 thousand and employee contributions in the amount of €296 thousand are expected for the following year (2013).

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

€ thsd.	2012	2011
Expected return on plan assets	151	109
Actuarial gain (+)/loss (-) from plan assets	-107	-38
Actual return on plan assets	44	71

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«).

The calculation of the obligation and the generally expected return of the plan assets was as in the previous year based on the valid insurance regulations, databases and cash flow disclosures for the year 2012 of

GFT Technologies (Schweiz). The expected income from plan assets of GFT AG results from interest and is insignificant.

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

€ thsd.	2012	2011
Service cost for the period	879	525
Interest expense	177	149
Expected revenue from plan assets	-151	-109
Amortisation on actuarial gains (+)/losses (-)	56	10
Pension expenses	961	575

The pension expenses are included in personnel expenses.

11 Other Provisions

The other provisions show the following trend in the financial year 2012:

€ thsd.	01/01/2012					31/12/2012
	As at	Change in expected value from business combinations without effect on income	Consumption	Liquidation	Transfer	As at
Employee commissions/bonuses/anniversaries/severance payments	8,195	–	-6,590	-518	8,533	9,620
Holiday obligations	2,326	–	-2,277	–	2,474	2,523
Contributions to industry associations	78	–	-78	–	75	75
Provisions for personnel costs	10,599	–	-8,945	-518	11,082	12,218
Subsequent purchase price payments	8,460	-431	-1,983	-2,375	–	3,671
Outstanding purchase invoices	3,630	–	-2,523	-347	2,601	3,361
Credits still to be awarded	410	–	-36	-156	105	323
Warranty	115	–	-57	-41	54	71
Possible losses from projects	–	–	–	–	213	213
Other	1,089	–	-678	-125	882	1,168
Total	24,303	-431	-14,222	-3,562	14,937	21,025

The accrual for purchase price payments from business combinations refers to a financial liability.

The increase in discounted amounts during the reporting period due to the lapse of time amounts to €126 thousand (prev. year: €140 thousand); the effect of changes in the discount rate amount to €5 thousand (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.	31/12/2012	31/12/2011
Other long-term provisions		
Subsequent purchase price payments	2,049	6,138
Employee commissions/bonuses/anniversaries/severance payments	810	975
Others	76	122
	2,935	7,235
Other short-term provisions	18,090	17,068
	21,025	24,303

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	31/12/2012		
Trade liabilities	19,834,818.88 (p. y. € thsd. 28,632)	0.00 (p. y. €- thsd.)	19,834,818.88 (p. y. € thsd. 28,632)		Usual reservation of property rights
Deferred tax liabilities	0.00 (p. y. €- thsd.)	0.00 (p. y. €- thsd.)	593,418.42 (p. y. € thsd. 585)		
Current income tax liabilities	752,481.50 (p. y. € thsd. 1,334)	0.00 (p. y. €- thsd.)	752,481.50 (p. y. € thsd. 1,334)		
Other financial liabilities	685,418.71 (p. y. € thsd. 589)	0.00 (p. y. €- thsd.)	685,418.71 (p. y. € thsd. 589)		
Other liabilities	7,691,989.54 (p. y. € thsd. 6,452)	0.00 (p. y. €- thsd.)	7,691,989.54 (p. y. € thsd. 6,452)		
	28,964,708.63 (p. y. € thsd. 37,007)	0.00 (p. y. €- thsd.)	29,558,127.05 (p. y. € thsd. 37,593)		

There are trade liabilities of €47 thousand (prev. year: €0) to companies with whom an equity interest exists as well as trade liabilities to associated companies of €17 thousand (prev. year: €23 thousand).

13 Other liabilities

Other liabilities are broken down as follows:

€ thsd.	31/12/2012	31/12/2011
Other current financial liabilities		
Liabilities to employees	95	242
Debitors with credit balances	35	190
Other	555	157
Total	685	589
Other current liabilities		
Wage tax, VAT and other tax liabilities	2,605	3,387
Advance payments on orders	2,571	1,517
Liabilities from social security contributions	1,251	1,124
Deferred credits to income	721	424
Others	544	–
Total	7,692	6,452
Total other liabilities	8,377	7,041

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Additional information on the Consolidated Statement of Comprehensive Income

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

€	2012			2011		
	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	171,655.80	47,148.96	218,804.76	-261,229.49	73,144.25	-188,085.24
– Reclassification to the income statement	33,257.53	0.00	33,257.53	0.00	0.00	0.00
	204,913.33	47,148.96	252,062.29	-261,229.49	73,144.25	-188,085.24
Exchange differences on translating foreign operations	-149,351.42	0.00	-149,351.42	192,983.51	0.00	192,983.51
	55,561.91	47,148.96	102,710.87	-68,245.98	73,144.25	4,898.27

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Segment report

As part of the »Two Brand Strategy«, the two reporting segments were renamed as GFT Solutions (formerly Services) and emagine (formerly Resourcing) in 2012. This had no impact on the comparative figures.

GFT has identified the business divisions GFT solutions and emagine. 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 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 GFT Solutions segment. emagine includes the provision of freelance IT specialists.

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

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

Please refer to the table on pages 66–67 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.	2012	2011
Total segment revenue	234,569	278,726
Elimination of inter-segment revenue	-3,977	-6,848
Occasionally occurring revenue	99	503
Group revenue	230,691	272,381
Total segment results (EBT)	15,180	12,494
Non-attributed expenses of Group HQ	-1,992	-1,528
Non-attributed income for elimination of the interim result	-957	97
Others	-121	-18
Group result before taxes	12,110	11,045

€ thsd.	31/12/2012	31/12/2011
Total segment assets	120,753	125,059
Non-attributed assets of Group HQ	118	117
Securities	4,506	7,208
Assets from income taxes	5,269	5,299
Others	1,112	599
Group assets	131,758	138,282
Total segment liabilities	47,329	59,914
Non-attributed liabilities of Group HQ	314	494
Liabilities from income taxes	3,497	1,920
Others	513	338
Group liabilities	51,653	62,666

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 and the GFT Real Estate 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:

	Revenue from sales to external clients ¹		Non-current intangible and tangible assets	
€ thsd.	2012	2011	31/12/2012	31/12/2011
Germany	88,015	145,025	33,045	32,741
UK	37,669	36,673	30	98
France	42,471	35,348	93	110
Spain	25,644	25,357	1,269	1,089
Switzerland	11,592	13,015	121	698
USA	10,224	7,418	5,070	5,193
Other foreign countries	15,076	9,545	297	270
Total ²	230,691	272,381	39,925	40,199

¹ Determined by client location

Other non-current assets (excluding financial instruments) concern current and deferred tax claims and are attributable to Germany (€3.5 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:

	Revenue		Segments in which this revenue is generated	
€ thsd.	2012	2011	2012	2011
Client 1	84,206	114,677	GFT Solutions, emagine	GFT Solutions, emagine

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

SEGMENT REPORT

GFT Technologies Aktiengesellschaft, Stuttgart

	GFT Solutions		emagine	
€ thsd.	31/12/2012	31/12/2011	31/12/2012	31/12/2011
External sales	121,053	115,499	109,539	156,379
Inter-segment sales	29	3	3,948	6,845
Total revenues	121,082	115,502	113,487	163,224
Depreciation	-1,215	-1,062	-265	-250
Non-cash income/expenditure	155	-10	0	0
Interest income	123	185	5	13
Interest expenses	-140	-77	-23	-92
Share of net profits of associated companies reported according to the equity method	-17	3	0	0
Segment result (EBT)	12,862	9,005	2,318	3,489
Segment assets	84,146	80,261	36,607	44,798
Investment in associates reported according to the equity method	30	47	0	0
Investment in non-current intangible and tangible assets	1,146	17,470	124	337
Segment liabilities	27,903	31,077	19,426	28,837



Total		Eliminations		Consolidated	
31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
230,592	271,878	99	503	230,691	272,381
3,977	6,848	-3,977	-6,848	0	0
234,569	278,726	-3,878	-6,345	230,691	272,381
-1,480	-1,312	-87	-42	-1,567	-1,354
155	-10	-371	-432	-216	-442
128	198	337	514	465	712
-163	-169	23	12	-140	-157
-17	3	0	0	-17	3
15,180	12,494	-3,070	-1,449	12,110	11,045
120,753	125,059	11,005	13,223	131,758	138,282
30	47	0	0	30	47
1,270	17,807	523	65	1,793	17,872
47,329	59,914	4,324	2,752	51,653	62,666

16 Other operating income

This item includes:

€ thsd.	2012	2011
Reversals of provisions	54	1,065
Income from exchange rate differences	202	282
Benefits in kind – employee private motor vehicle use	240	224
Out of period income	249	197
Income from the disposal of securities	–	23
Revenue from the lowering of value adjustments and intakes on receivables written off	217	68
Income from derecognition of liabilities	–	17
Insurance recoveries	47	15
Rental income	–	7
Income from arrears penalties	19	–
Income from disposals and write-ups of securities	197	–
Income from the adjusted expected value G2 Systems USA	2,460	–
Social insurance rebates	158	–
Others	596	456
Total company	4,439	2,354

Other operating income that is attributable to another financial year in the amount of €2,921 thousand (prev. year: €1,279 thousand). They involve liquidation of provisions (€54 thousand; prev. year: €1,065 thousand), the adjustment of the expected value for G2 Systems

(€2,460 thousand; prev. year: €0 thousand), social security rebates of €158 thousand (prev. year: €0 thousand) and other out of period income (€249 thousand; prev. year €197 thousand).

17 Costs of purchased services

In addition to expenses for software and hardware resold as part of projects (€4 thousand; prev. year €40 thousand), material expenses of the total company comprise mainly expenses for services rendered by

outside personnel (consultants, software developers) and subcontractors (€108,300 thousand; prev. year €157,340 thousand), including expenses for freelance agency revenue.

18 Personnel expenses

Personnel expenses include expenses for the GFT Group's own personnel. These amounted to €89,837 thousand (prev. year: €82,334 thousand).

For the expenses for retirement pensions we refer to point 10 of the Notes to the Consolidated Financial Statements.

19 Depreciation

As in the previous year, depreciation on long-term intangible assets and fixed assets in the financial year 2012 includes no depreciation on goodwill due to impairment.

The item amortisations on securities includes expenses in connection with the valuation of securities in assets of €82 thousand (prev. year: €121 thousand). Securities are measured at amortised cost.

20 Other operating expenses

Other operating expenses are broken out as follows:

€ thsd.	2012	2011
Operating expenses	6,207	6,069
Distribution expenses	8,921	7,507
Administrative expenses	6,964	6,662
Currency losses	457	701
Taxes not dependent on income	325	607
Expenses in connection with the acquisition of companies	–	556
Value adjustments and uncollectable receivables	78	343
Out of period expenses	5	100
Project losses, contract penalties, warranties	213	–
Other operating expenses	368	282
Total company	23,538	22,827

Other operating expenses include other out-of-period operating expenses in the amount of €5 thousand (prev. year: €100 thousand).

21 Research and development expenses

In the financial year 2012 total expenses of €1,565 thousand were recorded for research and development (prev. year €2,113 thousand).

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

22 Interest income, interest expenses

The interest result is broken down as follows:

€ thsd.	2012	2011
Other interest and similar income		
Interest from securities	299	474
Interest on bank balances	82	91
Other unearned interests (basically from clients' requirements)	84	147
	465	712
Interest and similar expenses		
Interest on tax refund claims	–	-41
Interest on financial liabilities	-4	-3
Other interest expenses	-136	-113
	-140	-157
Interest result of total company	325	555

Accrued interest income on impaired financial assets amounted to €69 thousand in 2012 (prev. year: €64 thousand)

Other disclosures

23 Business combinations during the financial year 2012

Compared to the Consolidated Financial Statements as at 31 December 2011, the following changes have resulted for the consolidated group and the subsidiaries.

On 13 April 2012, GFT Technologies AG acquired Neckarsee 254. VV GmbH and changed its name to GFT Beteiligungsgesellschaft mbH, Stuttgart, on 18 June 2012. On 15 August 2012, the company was renamed as GFT Real Estate GmbH, Stuttgart. In accordance with a notarised purchase agreement dated 21 August 2012, a payment obligation amounting to €2 million was assumed by GFT Real Estate GmbH for the purchase of land and property. A down-payment of €100 thousand was made on 31 December 2012. The property transfer tax was paid in full. There have since been no further activities.

On 3 July 2012, GFT Appverse, S.L.U., Sant Cugat, Spain, was founded by GFT Iberia Holding, S.A.U., Sant Cugat, Spain. GFT Appverse, S.L.U. commenced business operations in November 2012.

On 19 October 2012, GFT UK Limited, London, UK founded Emagine Consulting Limited, London, UK. The company began operations on 1 January 2013.

The initial consolidation of the three companies above had no material impact on the Group's assets, financial and earnings position.

24 Business combinations during the financial year 2011

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 9 June 2011	10,911
Reconciliation to carrying value of goodwill at end of reporting period:	
Net translation differences (currency)	72
Goodwill as at 31 Dezember 2011	10,983

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

The above mentioned 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

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 7 Oktober 2011	4,906
Reconciliation to carrying value of goodwill at end of reporting period:	
Net translation differences (currency)	143
Goodwill as at 31 Dezember 2011	5,049

The resulting goodwill was allocated to the GFT Solutions segment (cash-generating unit GFT Solutions – 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 2010 to 31 December 2010 would have amounted to €9.2 million.

The figures above include the revenue and profit/loss of the Consulting division of G2 Systems, as these cannot be separately disclosed due to a lack of information.

25 Cash flow statement

The GFT Group cash flow statement for the financial year 2012 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.	31/12/2012	31/12/2011
Cash	2	3
Short-term cash deposits with banks	35,910	32,470
	35,912	32,473

The disclosures on the sale of subsidiaries and other legal entities in the year 2011 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	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

In financial year 2012, the structure of the cash flow statement was amended in accordance with IAS 1.41 in order to improve presentation. The amounts for taxes paid and interest paid and received disclosed in the footnotes of the previous year were integrated into the calculation of the cash flow statement. Moreover, the item »Other changes in

equity«, which includes currency translation differences of subsidiaries, was distributed among the changes in assets and liabilities in the reporting period while currency translation differences in cash and cash equivalents were disclosed separately. The reclassifications are shown in the following table:

Reclassifications

€ thsd.	2011
Income taxes	2,756
Interest result	-555
Interest paid	-28
Interest received	945
Taxes paid	-1,702
Changes in provisions	-5
Other non-cash expenses/income	163
Changes in trade receivables	-262
Changes in other assets	-140
Changes in trade liabilities and other liabilities	-1,097
Other changes in equity	-193
Change in cash flow from operating activities	-118
Influence of exchange rate changes on cash and cash equivalents	118

In accordance with IAS 8.42, the cash flow statement was adjusted retroactively in financial year 2012. In the previous year, payments for the ancillary costs of purchasing a consolidated company totalling

€769 thousand were disclosed in cash flow from investing activities. In 2012 this amount was reclassified to cash flow from operating activities.

26 Net earnings per share

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

€	2012	2011
Undiluted earnings per share as per IAS 33	0.32	0.31
– current result allowed for	8,335,247.59	8,289,601.11
– no. of ordinary shares allowed for	26,325,946	26,325,946
Diluted earnings per share as per IAS 33	0.32	0.31
– current result allowed for	8,335,247.59	8,289,601.11
– no. of ordinary shares allowed for	26,325,946	26,325,946

Conditional Capital may potentially dilute undiluted earnings in future. It was not included in the calculation of undiluted earnings per share in the financial years 2011 and 2012 as the Conditional Capital was not exercised.

27 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 class 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. 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 the three levels were made during financial years 2012 and 2011.

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

€ thsd.	2012	2011
Net profits/losses from financial assets measured at fair value through profit or loss	179	-217
Net profits/losses from available-for-sale financial assets:		
– Profit/loss which was directly recognised in other comprehensive income (market assessment reserve)	172	-261
– Amount which was transferred from equity (market assessment reserve) to the income statement	-33	–
Net profits/losses from loans and receivables:	139	-230
– Expenses from impairment	-43	-141
– Income from reversal of an impairment loss	217	68
– Write-offs	-35	-157
Net profits/losses from financial liabilities valued at amortised cost:	0	0

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.

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 8 and 16 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.	2012	2011
Total interest income (total Company)	259	677
Total interest expenses (total Company)	0	0

For a statement of impairment loss on trade receivables, please refer to »The development of valuation allowance« in point 7. In the case of other financial assets, impairment losses of €0 were recognised in profit and loss (prev. year: €102).

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 9.

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 also contains statements on the risks arising from financial instruments which we hereby refer to.

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

Credit risk

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

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

There is no significant credit risk for these financial assets which are neither overdue nor value-adjusted.

The maximum risk exposure of securities and current assets corresponds to the carrying value 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:

In € million	31/12/2012	31/12/2011
Neither overdue nor value-adjusted receivables	41.6	44.1
Overdue receivables which have not been value adjusted		
Less than 90 days	2.5	6.9
90 to 180 days	0.1	0.0
180 to 360 days	0.0	0.0
More than 360 days	0.0	0.0
Value-adjusted receivables	-0.3	–
Carrying amount	44.2	51.0

There are receivables, which are neither overdue nor value-adjusted, amounting to €41.6 million due from customers with very good credit ratings. Of total value-adjusted receivables, an amount of €45 thousand adjusted individually.

The maximum risk exposure of receivables from construction contracts corresponds to the carrying value of these assets. These assets were not value-adjusted. There is no significant credit risk for these financial assets which are neither overdue nor value-adjusted.

The maximum credit risk exposure of the financial assets shown in other non-current and current assets corresponds to the carrying amount of these instruments; GFT is only exposed to a minimal credit risk from other assets. There is no significant credit risk for these financial assets which are neither overdue nor value-adjusted.

There are no significant financial assets which are overdue but not value-adjusted in any other of the above mentioned classes.

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

Trade receivables

In € million	31/12/2012	31/12/2011
Carrying amount	44.2	51.0
Concentration according to customers:		
Receivables from 5 biggest customers	19.6	26.2
Receivables from rest of customers	24.6	24.8
Concentration according to regions: ¹		
Germany	14.5	23.1
Europe (outside Germany)	26.8	25.9
Rest of the world	2.9	2.0

¹ According to location of customers

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CLASS

€ thsd.		31/12/2012					
		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							
Receivables from goods and services rendered	Loans and receivables	40,351	40,351				40,351
Amounts due from customers for construction work	Loans and receivables	3,855	3,855				3,855
Securities held as non-current assets				3,189	3,189		3,189
Fixed-interest securities	Available-for-sale financial assets			3,071	3,071		3,071
Variable-interest securities	Financial assets measured at fair value through profit or loss and classified as such upon initial recognition			118	118		118
Securities held as current assets				1,316	1,316		1,316
Variable-interest securities	Available-for-sale financial assets			861	861		861
Variable-interest securities	Financial assets measured at fair value through profit or loss and classified as such upon initial recognition			455	455		455
Cash and cash equivalents	Loans and receivables	35,912	35,912				35,912
Other long-term assets	Loans and receivables	411	411				411
Other short-term assets	Loans and receivables	416	416				416
Total financial assets		80,945	80,945	4,505	4,505		85,450
Loans and receivables		80,945	80,945				80,945
Available-for-sale financial assets				3,932	3,932		3,932
Financial assets measured at fair value through profit or loss				573	573		573

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).



	31/12/2011						
	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			Carrying amount
				Level 1 ¹	Level 2 ²	Level 3 ³	
	45,082	45,082					45,082
	5,880	5,880					5,880
			6,226	6,226			6,226
			6,114	6,114			6,114
			112	112			112
			983	983			983
			725	725			725
			258	258			258
	32,473	32,473					32,473
	433	433					433
	402	402					402
	77,957	77,957	7,209	7,209			85,166
	77,957	77,957					77,957
			6,839	6,839			6,839
			370	370			370

Tsd. €		31/12/2012					
		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
Financial liabilities							
Trade liabilities	Valued at amortised cost	19,835	19,835				19,835
Other liabilities	Valued at amortised cost	685	685				685
Financial liabilities from subsequent purchase price payments	Valued at amortised cost	3,671	3,671				3,671
Total financial liabilities		24,191	24,191				24,191
Financial liabilities valued at amortised cost		24,191	24,191				24,191

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).



31/12/2011						
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			Carrying amount
			Level 1 ¹	Level 2 ²	Level 3 ³	
28,632	28,632					28,632
589	589					589
8,460	8,460					8,460
37,681	37,681					37,681
37,681	37,681					37,681

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.

	Carrying amount	Cash flows				
€ thsd.	31/12/2012	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	19,835	18,124	1,602	109		
Other financial liabilities	685	685				
Financial liabilities from purchase price payments	3,671			1,622	2,049	
	24,191					

	Carrying amount	Cash flows				
€ thsd.	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				
Financial liabilities from purchase price payments	8,460			2,322	6,138	
	37,681					

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 (2012 approximately 89%, 2011 approximately 92%), 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 5%), 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 2012 and 2011 exchange rate hedging, e.g. through derivative financial instruments, was not necessary and was not carried out.

Interest Risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in the market interest rate. As regards financial assets, GFT does not see any risk from interest rate changes in the case of the largely short-term due and non-interest-bearing trade receivables or the other financial assets. In the case of cash and cash equivalents there is a risk that a lower market interest rate will lead to lower interest income; a fall in the market interest rate by one percentage point would in this case lead to a fall in interest income of between €100 thousand and €200 thousand p.a. The securities with a partially variable rate of interest (liabilities) are subject to an interest risk that is reflected in both the fair value and the size of the interest income. Owing to the manageable scale of the existing floating-rate security portfolios, GFT regards the interest risk for securities in relation to interest income as insignificant (approximately €15 thousand to €30 thousand per percentage point change in interest), whereas the impact on the fair value of the securities may be considerable. Held-to-maturity securities have a fixed interest rate and thus present no interest risk with regard to the amount of interest payments, although the influence of market interest rate fluctuations can have a significant impact on the fair value of these securities.

No original financial liabilities with a variable rate of interest existed in 2012 and 2011, 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 2012 and 2011.

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.

28 Other financial obligations

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

€ thsd.	31/12/2012	31/12/2011
Obligations from temporary rental, leasing and licensing contracts at nominal value:		
– 2013	3,961	4,851
– 2014–2016	5,723	6,437
– 2017 and later (excluding obligations unlimited in time)	2,525	1,906
	12,209	13,194
Annual obligations from open-ended rental contracts:	431	466

Payments under operating leases that are recorded as expense in the period under review total €6,007 thousand (prev. year €5,581 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 2012. 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 intangible assets as of 31 December 2012 amount to €0 thousand (prev. year: €48 thousand). Order commitments for tangible assets amount to €1,900 thousand (prev. year: €4 thousand). The commitment of tangible assets refers to the purchase of an administration building.

29 Relationships with affiliated companies and persons

Investors with significant influence

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, Mr 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 2012, Ulrich Dietz holds 28.08% (prev. year: 28.08%) and Maria Dietz 9.68% (prev. year: 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 2012 as well as during the financial year 2011.

Management in key positions

In the 2012 financial year, Executive Board member Marika Lulay owned one share in the subsidiary GFT Technologies (Schweiz) AG, Opfikon, Switzerland (unchanged compared to the financial year 2010). In financial year 2012, she held this share in trust for GFT Technologies AG, Stuttgart.

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.

Associated companies

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 2012 services were procured from eQuadriga Software Private Limited in the amount of €130 thousand (prev. year: €365 thousand); the services were invoiced at customary market conditions. As at 31 December 2012, the trade liabilities contain liabilities vis-à-vis eQuadriga Software Private Limited in the amount of €9 thousand (prev. year: €17 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 2012, as well as receivables from current offsetting and expenses amounting to €52 thousand, which were also value adjusted as at 31 December 2012 (expense in financial year 2012: €0 thousand; prev. year: €102). Total receivables from Youdress GmbH thus amount to €- (prev. year: €-) as of 31 December 2012.

Executive Board

Mr Ulrich Dietz, Chairman of the Executive of the 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, Germany (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 GFT Solutions 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, UK (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)

further memberships in comparable controlling bodies:

- Emagine Consulting Limited, London, UK, Chairman of the Board
- GFT Brasil Consultoria Informatica Ltda., São Paulo, Brazil (Chairman of the Consulting Board)

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-François Bodin, Member of the Executive Board, responsible for the emagine segment.

Supervisory Board seats:

- Emagine Consulting Limited, London, UK, (Chairman of the Supervisory Board)

Supervisory Board

Dr Paul Lerbinger, Chief Executive Officer of HSH Nordbank AG, Hamburg and Kiel, (until 31 October 2012), Chairman of the Supervisory Board.

further Supervisory Board seats:

- MainFirst Bank Aktiengesellschaft, Frankfurt/Main, Germany

further memberships in comparable controlling bodies:

- member of the Advisory Board MainFirst Holding AG, Zurich, Switzerland (since 21 May 2012)

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 Bereczky, Production Director Zweites Deutsches Fernsehen, Mainz, Germany.

further Supervisory Board seats:

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

Total remuneration for the Executive Board for the 2012 fiscal year amounted to €2,284 thousand (prev. year: €1,968 thousand); of this total, an amount of €1,191 thousand is disclosed as short-term provisions as of 31 December 2012. 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 €253 thousand (prev. year €166 thousand) have been formed.

Total remuneration for the Supervisory Board for the 2012 fiscal year amounted to €83 thousand (prev. year: €82 thousand); this amount is disclosed as a current liability as of 31 December 2012. It is exclusively comprised of fixed, not profit related commission. As the year before, in the financial year 2012, no further commissions for personally fulfilled activities were paid nor advantages assured to the members of the Supervisory Board; one exception were payments to the worker representative as part of the service contract in 2011.

Total remuneration for the Advisory Committee for the 2012 fiscal year amounted to €59 thousand (prev. year: €46 thousand) and is disclosed as a current liability as of 31 December 2012. It is exclusively comprised of fixed, not profit related commission. As the year before, no further commissions for personally fulfilled activities were paid nor advantages assured to the members of the Advisory Committee in the financial year 2012.

31 Employees

In the 2012 financial year there were 1,368 employees on average, compared to 1,315 in 2011. The number of employees at year-end

amounted to 1,386 (prev. year: 1,337). Broken down into regions, the figures were as follows:

	31/12/2012	31/12/2011
Germany	277	282
Brazil	140	154
France	17	18
UK	33	31
Switzerland	48	42
Spain	832	780
USA	21	8
Employees as of 31 December	1,368	1,315

32 Auditing fees

The auditing fees invoiced by the auditors of the consolidated accounts, KPMG AG Wirtschaftsprüfungsgesellschaft (prev. year: Warth & Klein Grant Thornton AG), for the reporting period totalled:

€ thsd.	2012	2011
Auditing of Financial Statements	155	194
Other ratification or valuation services	21	52
Tax accountancy services	–	–
Other services	–	5
	176	251

33 Events after the balance sheet date

No noteworthy events have occurred during the year up to 21 March 2013. We refer to the information in the Group Management Report.

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

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 10 December 2012, 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 12 December 2012. (www.gft.com/corporate-governance).

Stuttgart, 21 March 2013

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 2013

GFT Technologies Aktiengesellschaft

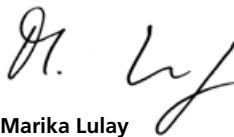
The Executive Board



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 consolidated financial statements prepared by the GFT Technologies Aktiengesellschaft, Stuttgart, comprising Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and Notes together with the group management report for the business year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB (Handelsgesetzbuch »German Commercial Code«) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB (Handelsgesetzbuch »German Commercial Code«) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, 21 March 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Schwebler
Wirtschaftsprüfer

Bauer
Wirtschaftsprüfer

BALANCE SHEET (AG)

as at 31 December 2012

GFT Technologies Aktiengesellschaft. Stuttgart

Assets

€	31/12/2012	31/12/2011
A. Non-current assets		
I. Intangible assets		
1. Licences, industrial property rights and similar rights and values	159,613.00	271,544.00
2. Prepaid expenses	0.00	8,940.00
	159,613.00	280,484.00
II. Tangible assets		
1. Other equipment, office and factory equipment	920,186.13	1,015,911.82
2. Prepaid expenses	10,000.00	4,303.95
	930,186.13	1,020,215.77
III. Financial assets		
1. Shares in affiliated companies	26,166,238.23	24,815,149.70
2. Investments	86,697.86	86,697.86
3. Securities of non-current assets	3,151,201.40	6,276,933.36
	29,404,137.49	31,178,780.92
	30,493,936.62	32,479,480.69
B. Current assets		
I. Inventories		
Work in progress	1,351,555.67	846,241.57
II. Receivables and other current assets		
1. Trade receivables	5,837,476.49	6,272,426.34
2. Receivables from affiliated companies	10,554,902.91	6,184,238.77
3. Other assets	926,390.32	1,113,993.79
	17,318,769.72	13,570,658.90
III. Securities		
Other securities	1,316,100.00	982,520.00
IV. Cash balance, cash at banks	16,891,765.09	16,757,320.60
	36,878,190.48	32,156,741.07
C. Deferred tax assets	557,641.43	126,634.39
	67,929,768.53	64,762,856.15

Shareholders' Equity and Liabilities

[illegible]

INCOME STATEMENT (AG)

for the period from 1 January 2012 to 31 December 2012
GFT Technologies Aktiengesellschaft, Stuttgart

€	2012	2011
1. Revenue	36,350,424.73	44,971,260.22
2. Change in inventories of work in progress	505,314.10	-2,037,244.30
3. Other operating income		
– income from currency conversion	8,809.69	7,240.77
– other	9,997,727.37	9,744,019.20
	10,006,537.06	9,751,259.97
	46,862,275.89	52,685,275.89
4. Cost of materials		
a) Cost of purchased goods	972.75	520.12
b) Costs of purchased services	19,331,317.20	22,955,226.66
	19,332,289.95	22,955,746.78
5. Personnel expenses		
a) Salaries and wages	17,825,414.70	16,957,791.99
b) Social security and expenditures for retirement pensions	2,191,149.98	2,281,541.28
– of which for retirement pensions €23,228.42 (prev. year: €67,472.90)		
	20,016,564.68	19,239,333.27
6. Depreciation on intangible assets and tangible assets	671,389.75	671,170.20
7. Other operating expenses		
– income from currency conversion	220,694.01	262,739.01
– other	9,500,493.18	8,512,580.47
	9,721,187.19	8,775,319.48
	-2,879,155.68	1,043,706.16
8. Income from profit transfer agreements	1,288,586.40	2,282,219.38
9. Tax sharing payments from subsidiaries	200,132.00	330,084.00
10. Income from investments	8,884,314.00	4,921,250.00
– of which from affiliated companies €8,884,314.00 (prev. year: €4,901,250.00)		
11. Income from other securities of financial assets	229,482.20	407,134.43
12. Other interest and similar income	237,647.40	270,577.50
– of which from affiliated companies €91,043.20 (prev. year: €93,678.67)		
– Income from deduction of accrued interest	0.00	30,203.91
	237,647.40	300,781.41
13. Depreciation on financial assets and on securities classified as current assets	103,036.03	597,670.22



€	2012	2011
14. Interest and similar expenses		
– of which from affiliated companies		
€37,971.30 (prev. year: €47,740.60)		
– Expenses from deduction of accrued interest	83,515.00	86,134.14
– other	38,945.99	90,594.54
	122,460.99	176,728.68
	10,614,664.98	7,467,070.32
15. Result from ordinary business activities	7,735,509.30	8,510,776.48
16. Taxes on income	-5,485.82	353,781.63
17. Other taxes	7,102.52	11,694.73
18. Net income	7,733,892.60	8,145,300.12
19. Loss carried forward from previous year	4,269,108.31	2,572,700.09
20. Allocations to retained earnings		
– to other retained earnings	-2,500,000.00	-2,500,000.00
21. Net earnings	9,503,000.91	8,218,000.21

FINANCIAL CALENDAR

Quarterly Financial Report as of 31 March 2013
8 May 2013

Annual General Meeting
15 May 2013

Quarterly Financial Report as of 30 June 2013
8 August 2013

Quarterly Financial Report as of 30 September 2013
7 November 2013

FURTHER INFORMATION

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

GFT Technologies AG

Investor Relations
 Andrea Wlcek

Filderhauptstraße 142
 70599 Stuttgart
 Germany

T +49 711 62042-440
 F +49 711 62042-301

ir@gft.com

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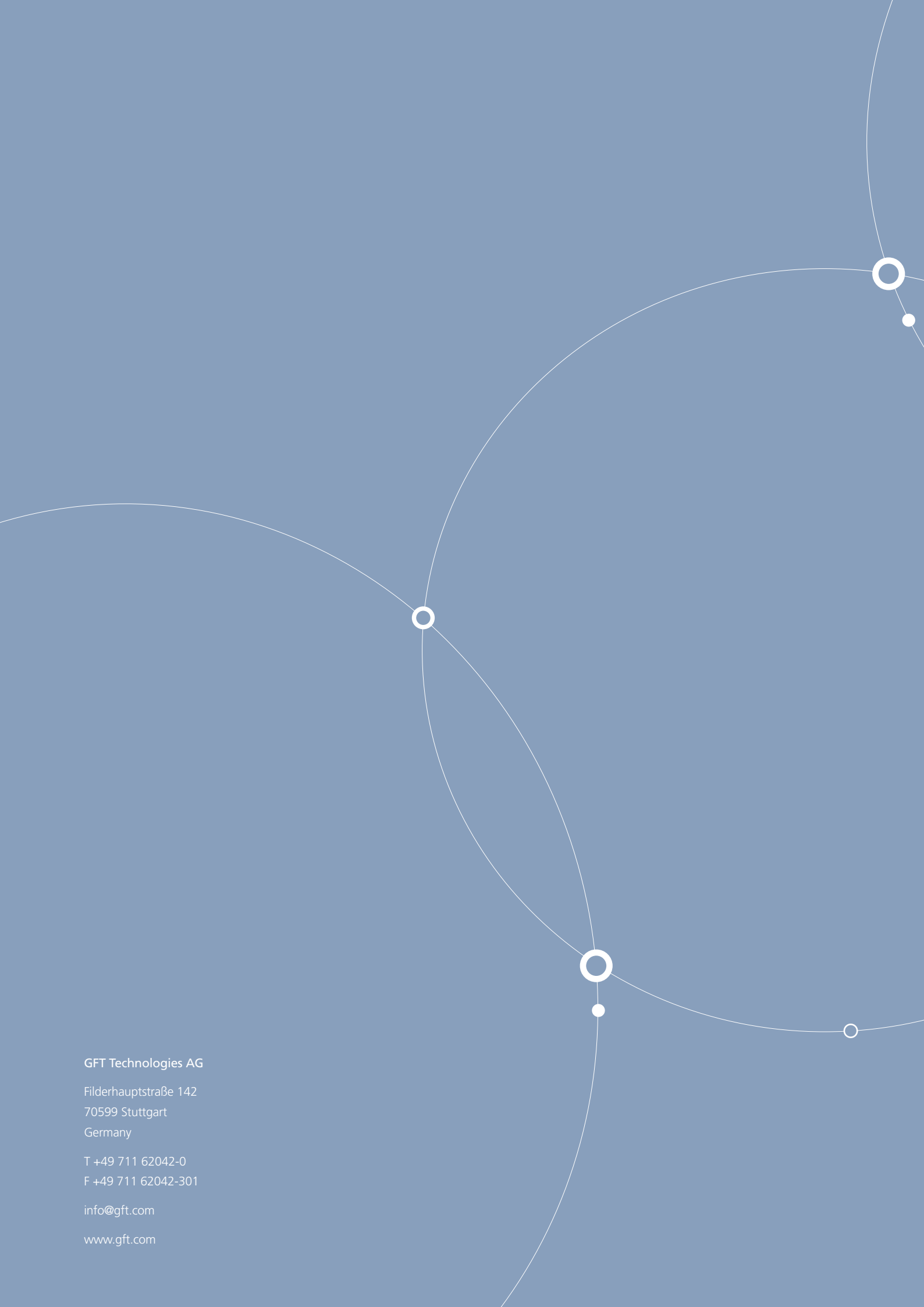
The Annual Report 2012 is also available in German. The online versions of the German and English Reports are available on www.gft.com/ir.

KEY FIGURES ACCORDING TO IFRS

			Continued operations	Continued operations			
		2012	2011	2010	2009	2008	2007
Income statement							
Revenue	€m	230.69	272.38	248.26	216.81	236.62	247.07
Earnings before interest, tax, depreciation and amortisation (EBITDA)	€m	13.35	11.84	12.05	8.54	10.63	13.10
Earnings before interest and taxes (EBIT)	€m	11.79	10.49	10.88	7.34	9.08	11.68
Earnings before taxes (EBT)	€m	12.11	11.05	11.55	7.86	9.62	12.36
Net income	€m	8.34	8.29	8.25	6.19	7.91	8.59
Balance sheet ¹							
Non-current assets	€m	44.26	45.35	29.49	29.77	31.33	30.89
Cash, cash equivalents and securities	€m	40.42	39.68	40.32	37.71	35.19	28.70
Other current assets	€m	47.08	53.25	58.77	43.85	46.98	52.34
ASSETS	€m	131.76	138.28	128.58	113.38	113.5	111.93
Non-current liabilities	€m	4.60	8.59	2.09	1.94	2.37	2.84
Current liabilities	€m	47.06	54.07	55.22	44.02	47.96	51.36
Shareholders' equity	€m	80.10	75.62	71.27	65.75	63.17	57.73
LIABILITIES	€m	131.76	138.28	128.58	113.38	113.50	111.93
Equity ratio	%	61	55	55	58	56	52
Cash flow ²							
Cash flow from operating activities	€m	5.61	14.18	7.31	6.57	9.20	9.34
Cash flow from investing activities	€m	1.75	-3.99	-14.65	-0.75	-1.81	-1.48
Cash flow from financing activities	€m	-3.95	-3.95	-2.63	-2.63	-0.70	-2.41
Employees							
Number of permanent employees (as at 31 Dec.)	no.	1,386	1,337	1,300	1,096	969	1,087
Share							
Earnings per share acc. to IAS 33	€	0.32	0.31	0.31	0.23	0.30	0.33

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).



GFT Technologies AG

Filderhauptstraße 142
70599 Stuttgart
Germany

T +49 711 62042-0
F +49 711 62042-301

info@gft.com

www.gft.com