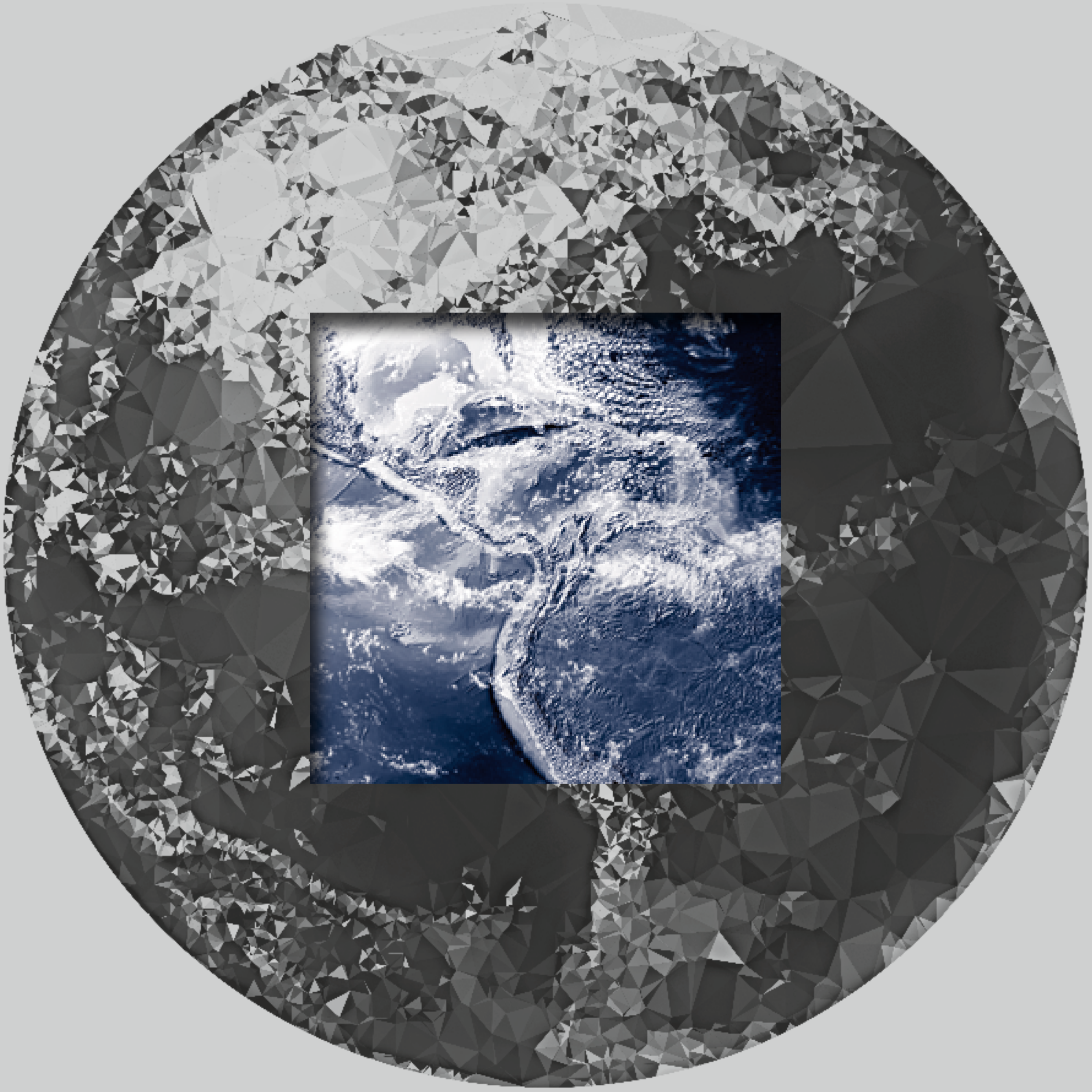


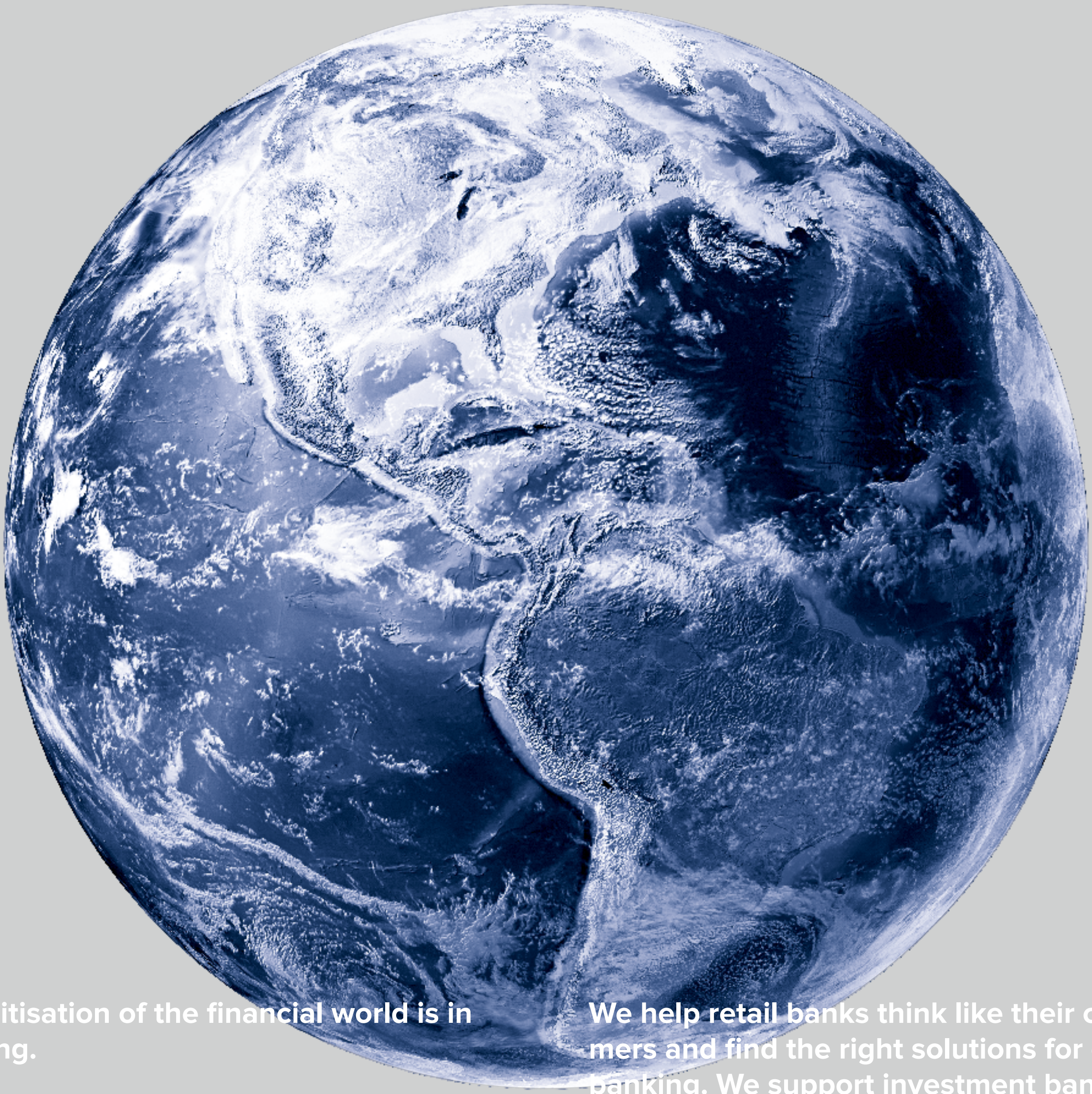
Digital Transformation
Annual Report 2014

Transformation

Digital

Annual Report 2014

Shaping change



The digitisation of the financial world is in full swing.

Bank customers want to organise their financial affairs online and pay securely in shops via their mobile phone. States are tightening the regulatory framework for investment banks.

GFT is prepared: we make financial service providers fit to compete.

We help retail banks think like their customers and find the right solutions for digital banking. We support investment banks by setting up audit-compliant IT structures to cope with the intricacies of compliance.

We focus on those issues which affect our clients. In 2014, we therefore expanded our range of digitisation and compliance solutions and strengthened our innovation management. We are both companions and shapers. Leading our clients securely through the digital transformation process.

¬ c. 1

Content

Digital Transformation

Financial Information

1.1

GFT Group

Partner for future digital topics

The GFT Group accompanies its clients on their way into the digital era. GFT's industry experts closely monitor the market trends and conditions for financial institutions, draft strategies and develop reliable and audit-compliant IT solutions at an early stage. The systems are delivered by globally operating teams: experienced consultants are located in the major financial hubs, programmers at specialised nearshore locations. As a partner for flexible working models, the emagine division provides specialists in the field of IT, engineering and business consulting.

The GFT Group: global consulting and development

1. Germany
Close to the customer: eight locations in Germany ensure perfect support for the German banking sector.

2. United Kingdom
GFT is represented in the UK's financial centre in the City of London – and thus easily accessible for local financial service providers.

3. USA/Canada
GFT's specialists support the North American market from their locations close to the global financial hub of Wall Street and in Canada.

4. Brazil
GFT teams in Brazil serve the South American market and support, above all, projects in the USA.

5. Costa Rica
Since the acquisition of Rule Financial, Costa Rica acts as an additional development centre in and for Central America.

6. Poland
The acquisition of Rule Financial in 2014 also added new nearshoring locations in Poland. They are a perfect fit for the existing Spanish development centres.

7. Spain
GFT's largest site is located in Sant Cugat, near Barcelona, with programming teams for projects throughout Europe.

8. Italy
In 2013, GFT acquired the company Sempla, now GFT Italia – and thus cemented its position in the dynamic Italian banking market.

9. Switzerland
From its base in Switzerland's financial centre, GFT supports the implementation of modern solutions, based on Avaloq technology for example.

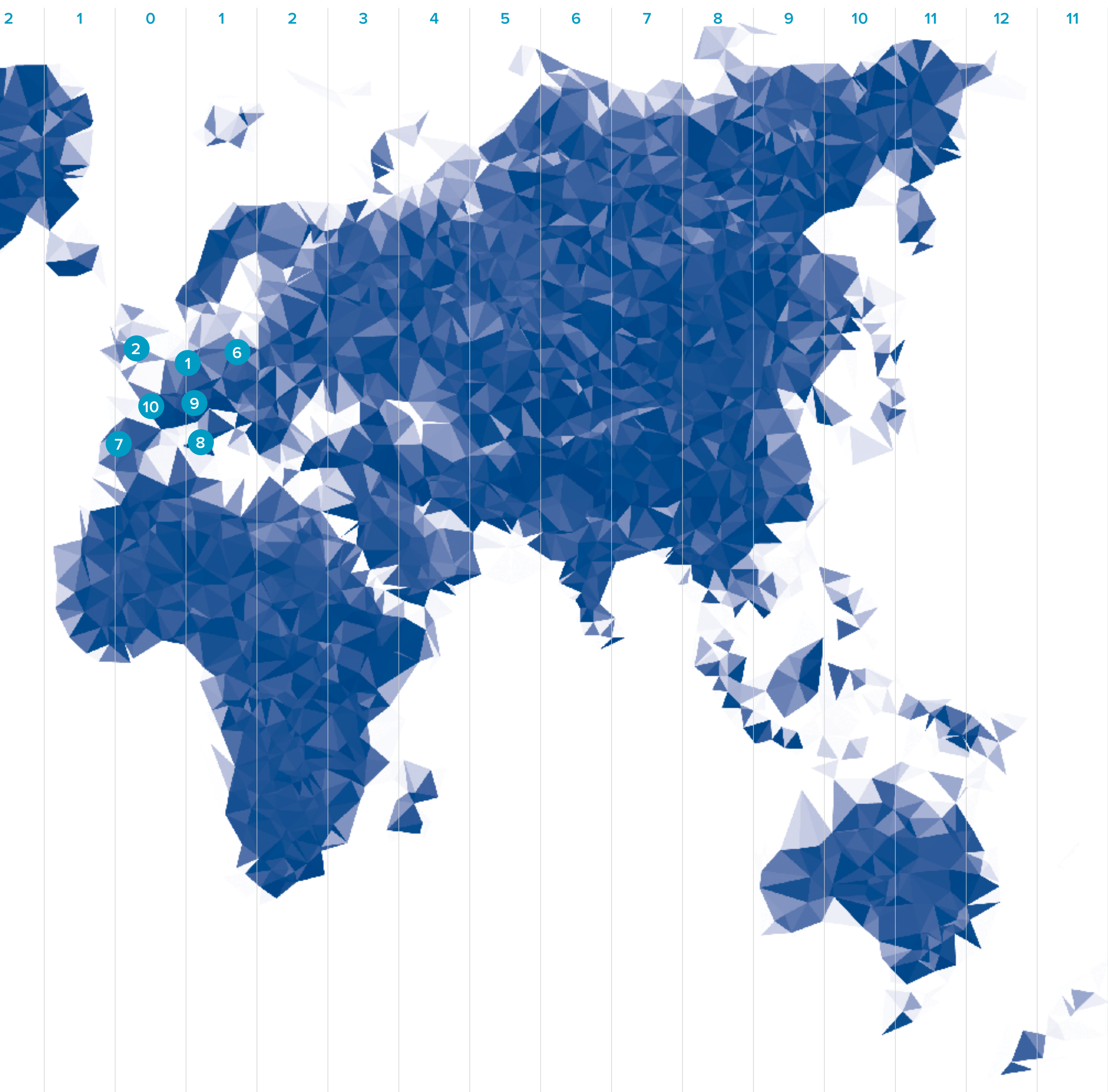
10. France
In 2014, emagine's French facility celebrated 20 years in business.

Customer first – the client is at the centre of everything GFT does. Our Global Delivery Model is therefore designed to provide banks with top-quality, onshore consulting services at an attractive price level. Our flexible portfolio of offerings is aligned closely with the needs of our clients. In order to identify technological trends early on and utilise them to develop sustainable solutions for banks, we also rely on cooperation with tech start-ups. Leading financial institutions around the world value us as a competent and innovative IT partner.

At the heart of our services is a global consulting and software development architecture. With the aid of targeted acquisitions and our own developments, GFT has created a structure which enables us to compete successfully in the global market and achieve profitable growth. Consultants and analysts are based in the world's economic and financial hubs. They are supported by development centres located in nearby time zones with cheaper labour costs.

GFT's experts constantly benchmark their expertise against all issues affecting the financial services industry. The aim is to always offer the right solutions. The portfolio is structured to align with the segments of retail banking, investment banking, private asset management and insurance.

If a new topic appears on the horizon which will be important for our clients, we integrate it into our strategy, launch pilot projects and quickly develop the necessary expertise. Always one step ahead. In this way, we can help retail banks think like their clients with regard to digital transformation, and accompany investment banks through the patchwork of compliance regulations – while providing best-fit technical solutions. Always close to the customer. And always at the cutting edge. In line with our guiding principle: Customer First. ■



GFT Group

The development of the GFT Group

The GFT Group has enjoyed dynamic growth over the past three years. As the industry specialist, we were quick to identify the needs of banks regarding compliance issues and to develop efficient solutions. With our in-depth technological know-how, we accompany banks with the digitisation of the financial sector. We deliver cost-effective and flexible solutions from development centres located throughout the world – but always close to our clients.

The GFT Group has shown strong growth in revenue and earnings since 2012. As of 31 December 2014, headcount had grown to 3,248 people. This dynamic development is no coincidence. With its business divisions, GFT and emagine, the GFT Group has aligned itself perfectly with market requirements.

The decision to locate facilities in Spain and Brazil, for example, at the beginning of the new millennium laid the foundation for a "Global Delivery Model" which today ensures the flexibility and high performance of the GFT division. It is no surprise that the strategic rationale behind this development is Customer First: putting the client at the centre of everything. We therefore closely monitor the environment in which our clients operate – and take on new challenges as soon as they appear on the horizon.

One such challenge is **digitisation**, which is forcing financial service providers around the world to radically rethink their business models. In 2011, we initiated the innovation platform CODE_n, which has since developed into an ecosystem for digital pioneers. It's a place for young start-ups to meet established companies, for new pioneering concepts to be created, and for new alliances to be forged which will help companies transition into the digital era.

CODE_n has also played a role in providing GFT with an enormous range of solutions for the future of digital banking. The cooperation with innovative start-ups ideally complements the work of GFT's own Applied Technology team and our experts throughout the world.

Compliance has been a further growth driver for GFT. In the wake of the financial crisis, many states passed numerous new laws and regulations which severely restrict the manoeuvrability of financial service providers. Our experts in the USA, UK, Switzerland, Spain, Italy and Germany have in-depth knowledge of these new compliance requirements in their respective countries – and can therefore offer tailored support.

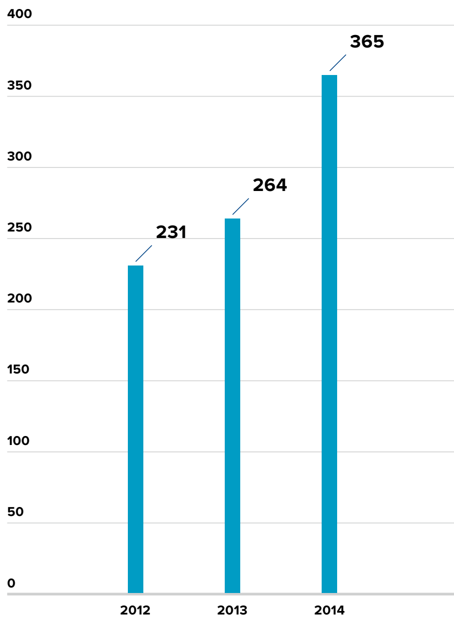
When it comes to digitisation and compliance, GFT has been working for almost three decades in the field of core bank applications. Our industry experts know how legacy systems and their extensions have to be adapted to guarantee audit-compliant processes and how the digital transformation process will change the entire IT landscape.

With the acquisition of the UK-based IT consultancy Rule Financial in summer 2014, GFT strengthened its expertise in the field of investment banking – an area hit particularly hard by global compliance legislation. For several years now, revenues with clients in this segment have been growing at a disproportionately strong rate.

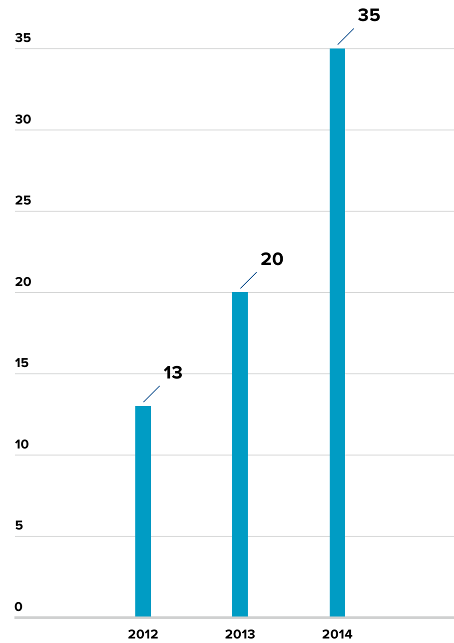
Rule Financial's international facilities fit perfectly into the GFT Group's Global Delivery Model: together with our clients in the world's financial centres, GFT's consultants design tailored solutions. These are then implemented by development teams with in-depth industry and technology expertise at our specialist development centres – in less expensive nearshore locations in Spain, Poland, Brazil and Costa Rica.

The customer therefore always gets the best solution from GFT's global network: the most competent consultants on site, the most experienced programmers, the best technology. And an attractive price. ■

Revenue in € million



EBITDA

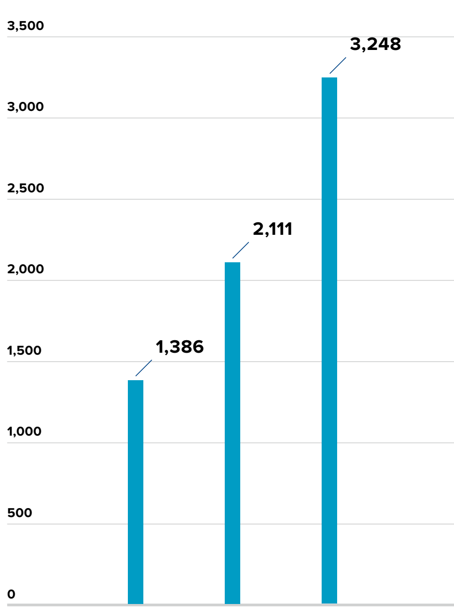


2011
Launch of the CODE_n innovation platform (Germany): the start-up contest has since developed into an ecosystem for digital pioneers – and an innovation driver for GFT.

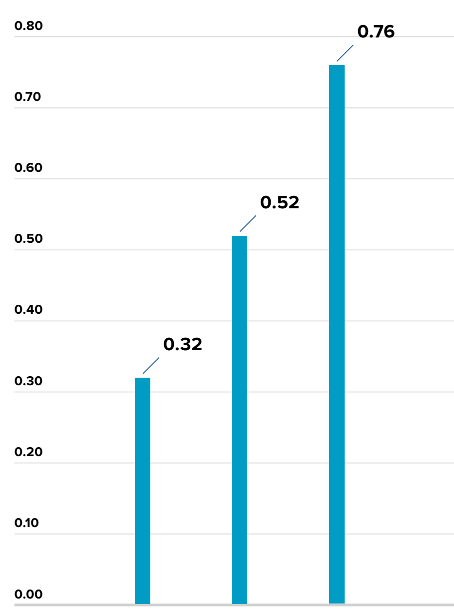
2012
Acquisition of Sempla (Italy): the IT service provider – now GFT Italia – has strengthened GFT's consulting expertise in the Italian market.

2014
Acquisition of Rule Financial (UK): over 660 business and IT specialists in the UK, USA and Poland are now part of GFT's workforce.

Employees



Earnings per share



1.2

Digitisation

“Banks must now complete their transformation”

Many retail banks are still hesitant about digitising their operations and are thus endangering their own future, warns Professor Hans-Gert Penzel, who lectures and researches at the University of Regensburg, Germany. The good news: those banks that choose to drive the transformation process now have a good chance of outflanking their competitors.

Prof Penzel, the digitisation process has already revolutionised many industries and numerous established business models are no longer viable. There has been comparatively little trace of this trend among retail banks so far. Has the revolution passed them by?

Definitely not. However, in many European countries it is moving at a slower pace than in other industries. In southern Europe and Germany in particular, banking is still based on personal relationships and trust. Customers in these industries are therefore more reluctant than in others to change their traditional service providers. This low churn rate, however, means that banks are in considerable danger of underestimating change. Only a few of them have so far understood how radically their industry is about to be transformed. Most of them are still acting hesitantly – if at all. There will be a rude awakening for many banks.

At the same time, banks are also facing other major challenges. They have to deal with increasingly stringent compliance regulations and very low interest rates. Could it be that digitisation is simply not one of their priorities at present?

That’s true, but it’s a very short-sighted approach. For many bank managers, the two issues you mentioned may appear more important than the question of digitisation. For some, it may also be a welcome excuse not to have to deal with poorly understood technological innovations.

How have customer requirements changed?

Customers are looking for convenient financial services that fit easily into their daily routine. Such services are being offered by newcomers such as the payment service PayPal or Apple Pay – who can cherry-pick and penetrate targeted areas of the banking business. Moreover, customers appreciate solutions that increase the transparency of their private financial transactions. The so-called fintech companies are meeting this need with their new offerings. However, for most customers, the established retail banks have not yet lost their relevance. On the contrary: two-thirds of German customers still want to deal with their own personal financial advisor, for example.

Do retail banks have any chance of keeping pace with these new providers?

It’s not too late yet. If the established banks radically change their agenda and begin investing resources, they can still compete against the direct banks and fintech companies. However, they must now begin their transformation process. Those who wait another five years will have no chance.

How should the banks proceed?

Large organisations are typically bad at generating true innovation. Banks must have the courage to acquire innovative solutions. Or they should create small, spin-off units to work on new solutions. These units must have access to the best people and make their new ideas and solutions so strong that they can later survive in the large organisation. Commerzbank, for example, recently established an incubator in Frankfurt/Main, Germany. An interesting example of how the issue can be tackled.

And what products work for customers? Is Personal Finance Management one of them; in other words, an application which covers the client’s entire financial situation?

Personal Finance Management is a good example of what opportunities banks have – even if they’ve failed to fully embrace digitisation so far. There are already numerous third-party suppliers, but most customers don’t trust them. After all, it involves providing a wealth of personal information. Customers would prefer their own bank to provide such a solution. For retail banks, such services are extremely interesting: after all, they can use the customer data to tailor their offers.

What will the retail banking market look like ten years from now?

There will be a shift in market share in favour of the direct banks and fintech companies. However, there will still be classic retail banks – albeit significantly fewer than today. In Germany, there will only be about half the current number of branches. Those who are still successful in ten years will be the banks who not only introduced new digital solutions and offerings, but also retained the trust of their customers in the new digital era. ■

“Customers are looking for convenient financial services that fit easily into their daily routine.”

Portrait:
Prof Dr Hans-Gert Penzel lectures at the University of Regensburg and is Managing Director of the ibi research institute, which deals with innovation in the finance industry. Before he started his teaching and research activities, he served as Director General of Information Systems at the European Central Bank. He has also worked for Bayerische Vereinsbank, HypoVereinsbank, the consulting firm McKinsey and the IT service provider Hewlett Packard. Prof Penzel is an acclaimed expert on the future of the banking industry.

Digitisation

Using mobiles to make payments and transfers

A team of GFT experts from Italy and Spain have developed an innovative payment system for mobile phones – the so-called digital wallet. Italian bank customers can already use the system: they transfer money to other users over the phone, pay in stores via NFC (Near Field Communication) technology and use the “Masterpass” module instead of their physical credit card to buy online. All convenient, fast and secure.

14 October 2014 marked a small revolution for the private client service of Europe’s banks: the Italian company SIA S.p.A., which handles digital payments for financial and central institutions, corporate and public administration, launched “Jiffy” – an innovative service for “Person to Person” (P2P) payments via smartphones. Using a banking app, clients can send and receive money in real time from the user’s phone to their contacts. Based on SEPA credit transfer, Jiffy is open to all banks operating in the Single Euro Payments Area and can potentially be used by over 400 million European current account holders. “Jiffy” was developed by a team of 20 international GFT experts. Italy’s largest banks have already chosen SIA’s solution – some have even introduced it. The same banking app also allows cashless purchases in shops and online stores via additional payment services.

“Cashless payment methods will quickly spread in Italy.”

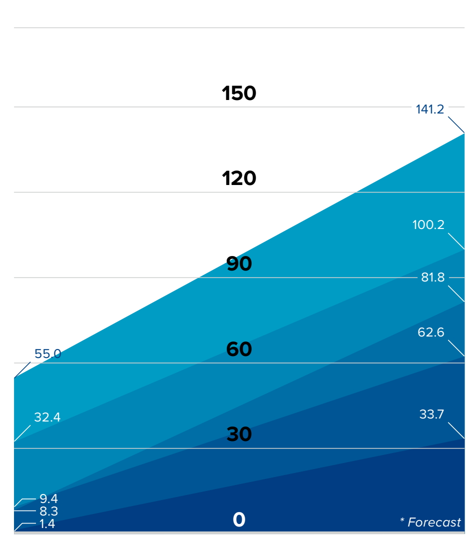
“Cashless payment methods will quickly spread in Italy and our banks are on the lookout for new products and innovative services,” says Carlo Secci, a director of GFT Italy in Milan who is also responsible for the Digital Payment programme. “The solution is based fully on common standards and can therefore be quickly and securely integrated into banking systems and rolled out in the market.”

Customers register online with their bank and download the digital wallet app. If they want to transfer money to someone via Jiffy, they simply select the recipient from their stored contact list. If the recipient already uses the app this is indicated by a symbol next to the name. If not, they can be invited via SMS to register for Jiffy. Customers can also pay via mobile phone in shops – providing these are equipped with NFC technology, which does away with the need for a physical credit card. For such transactions, the customer simply launches the app’s payment function, holds the phone near the till and enters a personal code – should the amount exceed a certain limit – in order to complete the payment. In the case of online shopping, customers are redirected to a special payment site. This service, called Masterpass, is seamlessly integrated into the digital wallet and also replaces the physical credit card.

What makes the digital wallet for mobile phones so special is its speed: within a fraction of a second, the server asks the bank whether the requested payment is possible. If it is, the

Number of people using mobile payments by region

in millions Source: Gartner



Asia/Pacific, Africa, North America, Western Europe, Latin America

Fabrice Abrigo,
Delivery Manager,
GFT Spain

Carlo Secci,
Director,
GFT Italy

recipient is credited with the amount – even if the background postings and transactions are conducted later. The customer can literally stand in the store, check his account balance, receive a friend's contribution for a joint gift and buy it then and there – via the NFC-enabled till.

GFT Italy designed the solution during 2013. The development of the modules began in the second half of 2013: together with SIA, GFT Italy built the entire platform which checks the customer and account data against the mobile phone's authentication and then contacts the interfaces of the banking systems. As a nearshore unit, GFT's Spanish team in Sant Cugat near Barcelona supplied the corresponding app and the cross-platform technology for Android, Apple and Microsoft phones – which was developed by GFT's Applied Technologies team.

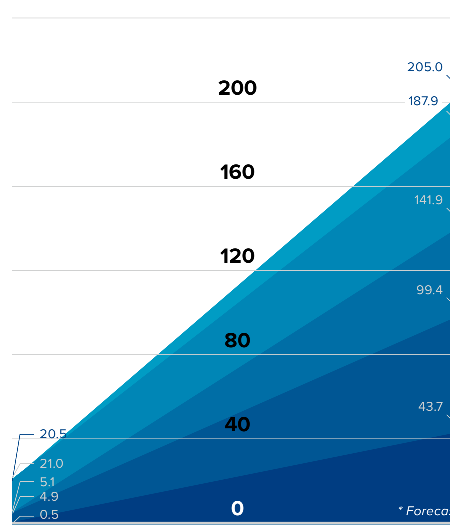
GFT in Spain has been working on new technologies for mobile banking for quite some time now. "In the case of the digital wallet mobile app, we were able to pick up many of these approaches and put them into practice," says Fabrice Abrigo, who leads the Spanish team as Delivery Manager for the project. The experts in Sant Cugat worked closely with their colleagues in Milan and coordinated their activities on a daily basis. "The design of the solution, the integration of the back-end systems, and the customer and programme management in Italy all ran perfectly," explains Abrigo. "That made our work in development much easier."

"The aim is to make shopping better, faster, easier and more effective. And customers more loyal. It's the next stage."

Secci and Abrigo are now working on a further development of the solution and its roll-out in other countries. Payments between individuals will be expanded to include payments from individuals to companies. The mobile digital wallet service will become part of a bigger app that links purchase decisions with discount offers and loyalty programmes. "The aim is to create an ecosystem in which customers, vendors, service providers, administrations, banks and non-profit organisations can participate – and thus transform the shopping experience. The aim is to make shopping better, faster, easier and more effective. And customers more loyal," adds Secci. "It's the next stage." ■

Revenue via mobile payments by region

in billion USD **Source: Gartner**



Asia/Pacific, Africa, North America, Western Europe, Latin America

Digitisation

Personal Finance Management, simple and intuitive

Banking should be as simple as possible: customers want an overview of their income and expenditure and to be able to plan major purchases, loans and their pension – it must be transparent, intuitive and on a single platform. If banks can integrate such Personal Finance Management (PFM) systems seamlessly into their offerings, this will enhance customer loyalty.

Banks have detailed information about their customers' transactions, loans and assets. In order to view such data on their smartphones or tablets, customers can download user-friendly financial analysis apps like Numbrs or Strands. These apps are generally programmed by young technology start-ups. Their advantage: they are particularly adept at understanding the usage behaviour of their customers.

"That's also the recipe for banks," says Claudi Marti. "Personal Finance Management is an important step in this direction. If banks adopt this holistic analysis and consulting approach across all their communication channels, with a focus on online banking, they can offer customers one-stop-shopping themselves. Banks can offer more targeted advice and tailored financial products." Based in Spain, Marti is responsible for the development of GFT's PFM offerings. He works closely with the company's experts in various countries. This enables him to tailor the offerings to country-specific requirements. At the same time, he can utilise ideas and synergies from the different markets.

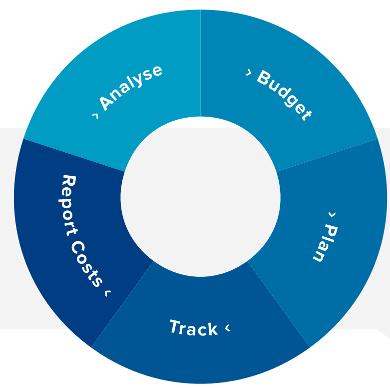
Cooperation with individual countries, such as Germany, works perfectly: together with the consulting team of Andreas Ebner in Eschborn, near Frankfurt, Marti's Spanish colleagues analyse which data the banks have and how they can be prepared for their customers. "Banks can no longer afford to think purely in terms of sales," says Ebner. "If they focus on the individual needs of each customer, they can align their offerings accordingly. Personal Finance Management is a win-win situation for both sides."

"Depending on the client, we recommend a bespoke solution or standard software which we can expand as required," says Marti. "The best GFT experts in the network then draft a detailed plan on how we can implement the solution technically." ■

“With the aid of Personal Finance Management, banks can offer tailored financial products.”

Claudi Marti,
Director, GFT Spain

Andreas Ebner,
Senior Business Consultant, GFT Germany



Managing Personal Finance

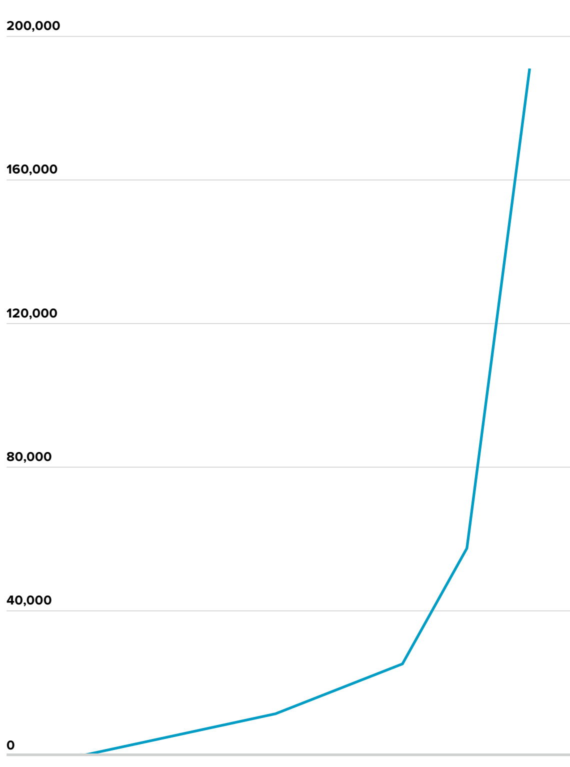
1.3

Compliance

Financial market regulation: the ‘new normal’

Banks face a constant deluge of compliance regulations, which has become the ‘new normal’ environment in which they have to operate. The challenge is to understand and prioritise the changes required. Banks have to make fundamental changes to their processes and systems to become more flexible and adaptable.

Expected number of regulation pages up to 2020



Since the financial crisis in 2008 and 2009, states and international institutions have introduced a veritable avalanche of new regulatory requirements for the financial sector. The aim is that “never again should banks and shadow banks, hedge funds and real estate companies bring the world economy to the brink of depression; never again should the financial sector force governments to save insolvent financial institutions with hundreds of billions of dollars of taxpayers‘ money,” writes Professor Dr Sebastian Dullien, who teaches economics at the University of Applied Sciences in Berlin. The complexity of the financial sector means that banks now face a flood of documents with often contradictory statements. The US “Dodd Frank Act” alone is nearly 850 pages long and “probably the most comprehensive legislative package on financial market regulation ever,” says Prof Dullien.

Based on the number of document pages, our infographic shows how the volume of detailed regulations to be observed has developed since 1930. According to a forecast of the UK regulatory specialists JWG, the number of pages is expected to more than triple from around 60,000 at present to about 190,000 pages in 2020. A major challenge for banks to permanently adapt to the new situation.

Investment banks are a particular focus area for regulation. GFT's Managing Directors in the UK and USA review the difficulties for banks arising from the vast array of regulations and show how they can deal with them.

"The conditions for investment banking have never changed quite so dramatically as in recent years. It is well documented that the crisis of 2008 triggered states around the world to realise that investment banks might pose a systemic risk for individual economies or even the global economy as a whole. They therefore decided to regulate the market more strictly, ushering in a flood of new rules and regulations. The main aim is to increase trans-

Christopher Ortiz,
Managing Director, GFT UK

parency – e.g. by means of standardised balance sheets and clear rules for valuing assets. The regulators also want stricter control over so-called risk takers who conduct risky transactions on behalf of the banks. As countries and their financial centres are in competition with each other, the respective regulations can significantly differ – meaning that investment banks working globally are faced with a proliferation of regulatory requirements to address." ■

"When new rules and regulations come into force, investment banks call in the lawyers and consultants. They carefully scrutinise the respective texts and provide interpretation on how the bank may have to change its behaviour to comply with the new rules. As soon as this question has been answered, the bank must adjust its business and IT processes accordingly and carefully check the new procedures. Due to the vast amount of new reg-

Joan Carles Fonoll,
Managing Director, North America

ulations, such activities are currently taking place simultaneously on numerous fronts – often with little coordination. After all, investment banks are not only confronted with several hundred thousand pages of text, but must also consider numerous jurisdictions at the same time. It's no wonder therefore that many banks have focused simply on coping with the main regulatory issues over the past few years. Have we now reached a tipping point? The next step must be to increase the efficiency of regulatory analysis and adoption." ■

"All our clients have been swept into a new reality by the regulatory tsunami, with ongoing regulatory-driven change and reporting becoming the 'new normal'. Over the coming years, to remain successful, they'll need to respond by having adaptable operating models and systems which are regulation agnostic. The bottom line is that banks need new systems or operating models that will enable them to easily adapt their entire organisation to any new rules and regulations. This is a significant change in approach and has a wide-ranging impact across their organisations.

"GFT's clients want to invest in projects that will enhance their ability to respond to the 'new normal' – the state of constant regulatory driven change."

Some examples of this change are developing systems that are not siloed vertically as in the past – i.e. that only support an individual asset class – to processing data from the outset in a way that makes it possible to use it later for different purposes, or changing operating

Gareth Richardson,
Managing Director, GFT UK

models so that common functions are groupwide rather than operating unit-focussed. Many of GFT's clients have already begun doing this. They no longer want to invest money in projects that only allow the bank to react to a small part of the regulations. Instead, they are investing in projects that will enhance the overall flexibility and adaptability of their banks with the aim of fundamentally reducing the operational cost of responding to the 'new normal' – the state of constant regulatory driven change." ■

Compliance

IT systems: fit for US tax reform

As of 2015, foreign banks with branches in the USA must transfer taxes for their customers on capital gains which US citizens have earned outside the country. The “Foreign Account Tax Compliance Act” (FATCA) is a component of US tax legislation passed in March 2010. An international GFT team has developed an IT solution that automatically detects and classifies such tax obligations as well as undertaking the necessary payments.

Anyone working with global players must be prepared for the fact that although a project may start in one country, responsibility for it can migrate to another within a few months. This happened to GFT in late 2013. Over a period of six months, a 25-strong team of US and Brazilian experts had been working on upgrading the IT system of an international bank in preparation for the US tax authority’s FATCA guideline. The customer was originally located in New York, but then the London office was suddenly put in charge.

The reaction: Project Manager Gabriel Fairbanks, who had until then been coordinating developers in Sorocaba in Brazil for GFT’s team in the USA, simply moved with the entire team to the UK capital. In close proximity to the customer. “A fantastic opportunity to develop the project, as well as my own skills,” he says today. Further GFT experts from London and Barcelona were also involved. “The customer was particularly impressed by GFT’s flexibility,” explains Gabriel’s colleague Rubem Swensson. As part of GFT’s Global Delivery Model, he coordinates the use of Brazilian programmers on projects for US customers. Swensson clarifies who is available and brings together the right professionals.

GFT very quickly developed a tailored solution for the customer. Axel Apice is responsible for this customer in New York, his colleague Alpesh Tailor in London. “We put together a team of local consultants and nearshore devel-

Rubem Swensson,
Project Manager, GFT Brazil

Gabriel Fairbanks,
Project Manager, GFT UK

opers and analysed which IT systems would be affected,” recalls Tailor. It quickly became clear: there were multiple payment and many onboarding systems in which customer data are collected worldwide.

“What’s more, time was short as FATCA comes into force in 2015,” says Project Manager Fairbanks. “What made the matter even more complicated was that the US authorities only gradually released

Alpesh Tailor,
Global Account Manager, GFT UK

Axel Apice,
Project Manager, GFT USA

details of the new rules. So we didn‘t even know exactly what the system would ultimately have to do. We therefore had to proceed in a suitably flexible manner. The customer’s restructuring of responsibilities was hardly significant by comparison.”

The IRS is introducing FATCA to ensure that US citizens pay tax on income they earn abroad. Banks that want to keep their licence in the USA are required to transfer taxes to the US government on the relevant income of their American customers. The challenge: banks must first know which of their customers are US citizens, whether these have earned income subject to FATCA rules, and which tax rate is to be applied for the advance payment.

The solution: GFT’s experts decided to develop a single, centralised IT module. It requests, collects and evaluates the various data from numerous legacy systems. It identifies US citizens and automatically classifies their tax obligations. The respective advance payment is then initiated. “The advantage was that the other systems could remain as they were,” explains Fairbanks. “Adjustments necessitated by changes in the law could be implemented more easily.”

GFT and the bank will continue to be involved with FATCA issues well into 2015 and the London team is to be expanded to eleven people. US Account Manager Axel Apice is already in the process of making the rich experience gained during the project available to other banks. “Obviously, it was a bespoke solution, as with almost all challenging IT projects for banks,” says Apice. “The trick is to abstract, to adapt and to standardise as much as possible. Our customers benefit greatly from these skills of our professionals.” ■

Compliance

Constant rise in compliance requirements

Compliance – i.e. proper and legal conduct in accordance with regulations – is becoming an ever greater challenge for international banks as governments put pressure on regulators to issue more rigorous and often highly diverse country-specific regulations. Together with GFT Poland, GFT UK develops solutions which keep banks compliant – yet still efficient – in what many consider to be the 'new normal'.

In order to reduce systemic risk in capital markets, ever more stringent regulations are being introduced. This represents a major challenge for banks, as they have to spend considerable time and effort adapting their IT systems to each new regulation. "The topic of compliance has taken on a new importance over the past few years," says Alex Davis, Senior Solution Architect at GFT UK and responsible for helping clients in capital markets. "Governments around the world are constantly launching new regulatory programmes, leading to a bewildering abundance of deadlines and new requirements which often vary wildly from one another."

"Large banks have hundreds of complex IT systems around the world which must work in differing and fast-changing legal environments."

Davis has already advised several financial institutes on the topic of compliance and knows that "large banks have hundreds of complex IT systems around the world which must work in differing and fast-changing legal environments." They need rigid control mechanisms at a global level that can monitor market-sensitive data in trade and payment systems at all times and which are flexible enough to be adapted to future changes.

In collaboration with his colleagues in Łódź, Poland, GFT expert Davis develops such IT architectures. They use an agile software development process and are able to deliver working solutions, whilst at the same time checking functionality and responding to new emerging requests. The numerous consultants and IT architects closely coordinate their activities. Zbigniew Rudnicki, Technical Architect at GFT in Poland works closely with Davis and says "our colleagues in the UK are close to the customer and can translate their respective needs into process ideas. The nearshore team in Łódź provides IT development, test environments, implementation and ongoing support as required".

Alex Davis,
Senior Solution Architect, GFT UK

Zbigniew Rudnicki,
Technical Architect, GFT Poland

As both teams are located within the EU, time differences are minimised, and the experts are just a short flight away if face-to-face meetings are required. The nearshore development teams are therefore just as available as their onshore colleagues. Throughout the entire project, the customer works with the same team of consultants and programmers. "They don't all have to be based in the UK, though," stresses Davis. "That simply wouldn't be feasible, let alone cost effective." ■

1.4

Innovation

Individual digital solutions from GFT

GFT has been working on the topic of digital banking for over five years now – together with clients, start-ups and universities, as well as in its own internal research projects. By continually investing in research and development, GFT has repeatedly been able to deliver new ideas for its clients. These hands-on solutions are based on extensive experience gained with its clients' own core banking systems.

Bernd Kohl,
Head of Business Consulting,
GFT Germany

Although a lot has been said and written about mobile and digital banking over the past years, it is only recently that financial service providers have started to put the topic on their agenda. GFT has been working on it for over five years. "We are not simply presenting a 'vision' of what digital banking could look like," says Bernd Kohl, Head of Business Consulting at GFT Germany in Eschborn. "We have actual finished concepts and solutions which we can use for individual client projects."

"We have intimate knowledge of the banks' IT systems as this is our traditional business."

Mobile Payment, Personal Finance Management or Real-Time Marketing with the aid of Big Data are just a few of the topics. All efforts are aimed at delivering solutions that assist customers in everyday situations: an intelligent algorithm which checks for discrepancies in credit card billing data and sends corresponding warnings (Big Data); the chip on a bank card that uses NFC technology to transmit a transaction number – so customers don't have to enter it themselves (Mobile Payment); an offer for short-term finance sent to a customer before next month's annual insurance payments put his account into the red (Personal Finance Management).

Kohl: "These are already strong solutions. But this is where GFT's roots also come into play: we have intimate knowledge of the banks' IT systems as this is our traditional business. As a result, we also know where and how the applications need to be integrated." ■

Innovation

Applied Technologies: Think tank for tomorrow's banks

The Applied Technologies team is GFT's think tank: its cross-functional members break new ground, create innovative concepts and test prototypes. Their expertise has already flowed into many customer projects. And: Applied Technologies show what else is possible. For example in its Digital Banking Lab – the digital bank of the future.

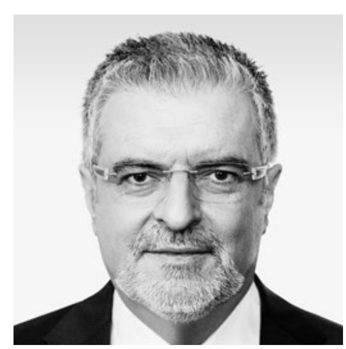
Many industries underestimated their digital competitors. To ensure the finance sector does not suffer the same fate, GFT set up its Applied Technologies team three years ago. A group of international specialists has since been revolutionising the banking sector step-by-step on a daily basis.

"The task of Applied Technologies is to make GFT a driver of digital transformation," explains Carlos Eres, Managing Director of GFT Spain and also responsible for the innovation team. Together with the international innovation platform CODE_n, Applied Technologies is the Group's breeding ground for innovation. The engineers discover new ways to make financial institutes – classic retail banks or investment banks – more competitive in the digital economy. For example, they design solutions to help banks automate their risk management. With a clear focus on the end user, they develop new ways for customers to interact with their bank or suggest new services for local branches. Other developments include intuitive user interfaces for PCs, tablets, smartphones and watches. The Applied Technologies experts have long been contributing this know-how to GFT projects around the world.

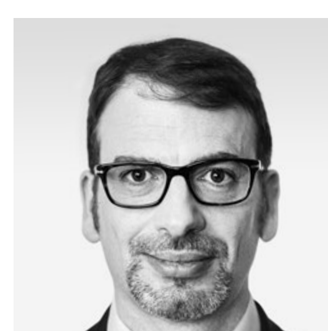
The second major task of Applied Technologies is to show what else is possible – and necessary. At the Digital Banking Lab, for example, retail banks can experience the digital customer journey: financial institutes are given an insight into the daily digital routines of their customers together with digital solutions on how they can tailor their products and services to this lifestyle. The Applied Technologies team has set up a complete ecosystem of real-life rooms, methods and software solutions for this purpose, complete with innovative terminals for bank employees, an intuitive online banking module for all major browsers, apps for tablets and smartphones, and Big Data applications – in other words, a complete system across all channels which puts the client at the centre.

"We want to give banks the possibility to align themselves fully with the customer."

"It's not just about developing new technologies," stresses Josep-Maria Diaz, who manages the operations of the Applied Technologies team. "We want to give banks the possibility to align themselves fully with the customer. After all, this is the opportunity for financial service providers to make the most of the new competitive environment – this challenging landscape of fintechs and providers such as Google, Facebook and Amazon." The Applied Technologies team has already demonstrated the Digital Banking Lab to numerous industry experts from all over Europe. Diaz: "They were all very enthusiastic." ■



Carlos Eres,
Managing Director, GFT Spain



Josep-Maria Diaz,
Director, GFT Spain

Innovation

CODE_n: Ecosystem for digital pioneers

CODE_n is GFT's global innovation platform for digital pioneers and leading companies. Originally a start-up contest for the CeBIT computer fair, it has developed into an active global community of digital visionaries working together on new ideas for the digital economy. For GFT, CODE_n represents a source of ground-breaking business models and potential cooperation partners which strengthen its own long-term innovation capabilities.

With the boom in Internet start-ups at the turn of the millennium, it looked briefly as if the digital New Economy would leave old industries in their wake. Things turned out differently though – Ulrich Dietz, CEO of the GFT Group, never got caught up in the hype of the boom years. "The supposed dichotomy between old and new was contrived and fundamentally flawed," says Dietz.

He is convinced that young start-ups can supply the ideas for the new digital economy. However, it is the established companies that drive the implementation process – although they themselves may lack the innovative spark. "We therefore need to bring the two sides together." This thought is the guiding principle of CODE_n – short for "Code of the New".

In 2011, GFT first invited IT start-ups from around the world to submit entries for the first CODE_n CONTEST. 50 young companies were shortlisted and invited to showcase their ideas in a dedicated CODE_n hall at the world's largest computer fair, CeBIT, in March 2012. The best companies received awards and the winner a top prize of 30,000 euros.

Together with other companies, GFT has since invited submissions on new topics every year: following on from "Shaping Mobile Life" (2012), "Smart Solutions for Global Challenges" (2013) and "Driving the Data Revolution" (2014), start-ups in 2015 were asked to consider the CODE_n CONTEST motto "Into the Internet of Things". CODE_n is deliberately not limited to digital solutions for banks, but sets new topics each year which address social and economic trends. Past winners include the taxi booking platform mytaxi and Greenclouds – a way for companies to rent out surplus server capacities.

The start-up contest is part of a complete ecosystem for digital pioneers in which new business models ideally find fertile ground. Partners such as CeBIT, EY, Accenture, Salesforce, the energy provider EnBW, the engineering and laser company TRUMPF, or robotics and automation technology specialist KUKA are all committed to the approach and some of them have now been on board for several years.

CODE_n is much more though: the global network now comprises 1,500 young companies. Reason enough to start thinking in larger dimensions. In 2014, the GFT Group significantly expanded CODE_n by adding the elements CONNECT (online platform for established companies to search for suitable start-up concepts and establish contact), CULTURE (innovation forums and workshops) and SPACES (innovative start-up centres with support from GFT).

The German and European economies are well behind the USA when it comes to digitisation, believes GFT founder and CODE_n initiator Ulrich Dietz. On this side of the Atlantic, there is no integrated ecosystem for innovation, research and funding like that developed in Silicon Valley over many decades. That is why it is so important for established companies to inject fresh ideas from young companies which can help them with their own digital transformation. "The digitisation process will question the validity of numerous business models and revolutionise entire industries," says Ulrich Dietz. "It is now time to actively prepare for this trend." ■

With the elements CONTEST, CULTURE, CONNECT and SPACES, CODE_n provides an ecosystem that networks companies and innovative personalities while supporting the development of new, digital business models. CODE_n stands for the "Code of the New", the DNA of innovation.

CONTEST: meeting of the avant-garde

CODE_n CONTEST tracks down the world's leading innovators and bestows awards on the best business models. ■

CULTURE: events promoting exchange

CODE_n CULTURE brings together the digital avant-garde in sophisticated event formats and enables them to cross-pollenate. ■

CONNECT: network for the new

CODE_n CONNECT is the platform on which digital pioneers network, forge partnerships and initiate business. ■

SPACES: a place to grow

CODE_n SPACES creates spaces in which innovators can meet and work on shaping our digital future. The first SPACES innovation campus will open in spring at GFT's new company HQ in Stuttgart. ■

¬ c. 2

Financial Information

¬ **c. 2.1**

The Company

¬ **c. 2.2**

Group Management Report

¬ **c. 2.3**

Consolidated Financial Statements acc. to IFRS

¬ **c. 2.4**

Annual Financial Statements of GFT Technologies AG (excerpt)

The Company

2.1

Letter of the Chairman of the Executive Board

Ulrich Dietz, Chairman of the Executive Board

Dear Ladies and Gentlemen

The GFT Group made encouraging progress in 2014. We successfully continued the implementation of our growth strategy and thus laid the foundation for the further positive development of our company. In a volatile market environment, the GFT Group achieved revenue growth of 38 percent to €365.32 million and improved pre-tax earnings by 55 percent to €27.07 million. We therefore exceeded the targets we already upgraded during the year. This dynamic trend was driven by two main factors: the strong organic growth of our GFT division and the company acquisitions in Italy in mid-2013 and the UK in June 2014. These two acquisitions have significantly strengthened the GFT business division of the GFT Group. Whereas the Italian company Sempla (now GFT Italia) enabled us to enter Europe's third-largest IT market, Rule Financial has greatly expanded our portfolio of services for investment banks in the UK and USA.

Key growth drivers of the GFT division in 2014 were the ongoing digitisation of business processes in the finance sector and the IT implementation of compliance regulations for banks. A growing number of legal regulations are forcing banks to adapt their IT systems and business models to increased regulatory requirements and to the growing competitive pressure from new market participants. With our portfolio of products and services, we are well placed to support our clients with these challenges. The GFT division raised revenue by 60 percent to €279.22 million in the past year with a margin of 10.1 percent. Without the revenue contributions of the two acquisitions, the division achieved organic revenue growth of 28 percent. Strengthened by the takeover of Rule Financial, revenues in the UK and USA more than doubled. We also enjoyed encouraging success with our digital offerings in Spain and Italy. A number of Italian banks, for example, have introduced a digital payment system which was developed by our experts in Italy and Spain. As it is based on the standard pan-European system for cashless payments currently used in the Single Euro Payments Area (SEPA), the solution is available to all SEPA banks – or around 400 million account owners in Europe.

The emagine division posted revenue of €86.09 million in 2014 and, as expected, was thus unable to return to growth. However, the first success of our realignment in 2013 was indicated by an improvement in margin from 1.2 percent in the previous year to 1.9 percent. Moreover, the division gained some highly promising new clients in the field of engineering during 2014. In order to focus further on the growth strategy of the GFT division, we began evaluating the strategic options for our emagine division in the fourth quarter of 2014.

We continued to develop the innovation platform CODE_n in 2014 and were able to recruit further strong partners. At the world's largest IT fair, CeBIT, we once again succeeded in positioning ourselves as an innovation driver – generating considerable media coverage and a huge response from the fair's international visitors. CODE_n remains a key element of our innovation management and an important door-opener to market and technology trends which we translate into future-compliant solutions for our clients.

In March 2015, Deutsche Börse promoted the GFT share to the TecDAX – the index for the leading tech stocks below the DAX. This reflects the positive trend of our business and share price over the past years. The TecDAX listing will significantly raise awareness of the GFT share on international capital markets. For our clients, it is also a further symbol of our quality and performance.

We expect the positive development of our business to continue in the financial year 2015. Following the two acquisitions in 2013 and 2014, the focus in 2015 will be on organic growth and the further optimisation of our international organisational structure.

In the GFT division, we expect persistently strong demand for intelligent IT solutions and services in the field of compliance and the digitisation of the banking sector. Banks are working hard to find answers for their digital transformation while at the same time having to cope with a flood of government regulations. With our deep-rooted technological and sector expertise, we have established ourselves as a trustworthy consulting and IT partner for these topics.

Once again, our skilled and motivated employees were the key to the success of the GFT Group in 2014. They deserve our sincere gratitude and with their help we aim to continue our solid growth course. Together, we will achieve great things once again in 2015 – helping to actively shape digital progress.

On behalf of the Executive Board, I thank you for your trust and invite you to accompany us on this path.

Ulrich Dietz

Ulrich Dietz
Chairman of the Executive Board

Executive Board

Ulrich Dietz

founded GFT in 1987 and as CEO is responsible for the corporate functions Business Development, Marketing, Corporate Communications, Investor Relations and Internal IT.

Marika Lulay

as a member of the Executive Board since 2002, she is responsible for the GFT division, key account management and the corporate functions Technology and Quality Management.

Jean-François Bodin

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

Dr Jochen Ruetz

has been CFO since 2003 and is responsible for the corporate functions Finance, HR, Internal Audit, Legal Affairs and Procurement.

Ulrich Dietz

Marika Lulay

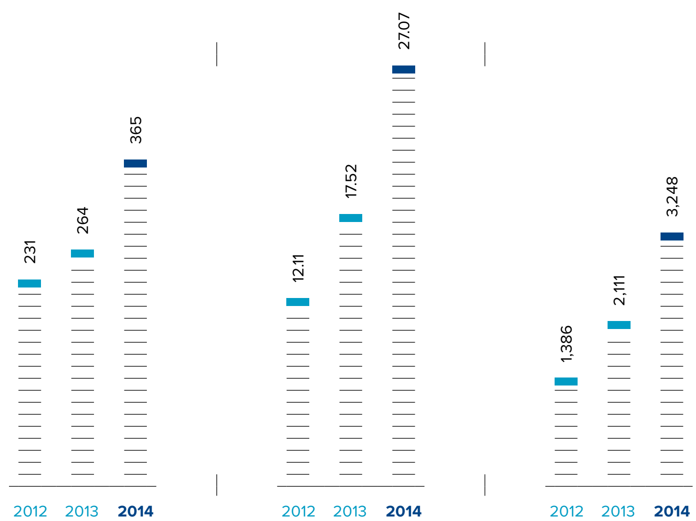
Jean-François Bodin

Dr Jochen Ruetz

The GFT Group

At a glance

Revenue in € million | **EBT** in € million | **Employees**



GFT Group

The GFT Group is a global partner for digital innovation.

GFT

is the specialist for financial service providers.

Our passion for innovation, coupled with expert consulting and the reliable development, implementation and maintenance of tailored IT solutions, makes GFT one of the world's leading partners for banks and insurance companies.

emagine

is a recruitment partner for selected industries.

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

The GFT Share

The international stock markets were highly volatile in 2014 and failed to display the strong performance of the previous year. The GFT share, however, was largely unaffected by these market fluctuations: with growth of 87% to year-end, it once again easily outperformed the major blue-chip and sector share indices. In March 2015, the GFT share was accepted into the TecDAX index – the German index for leading tech stocks below DAX level.

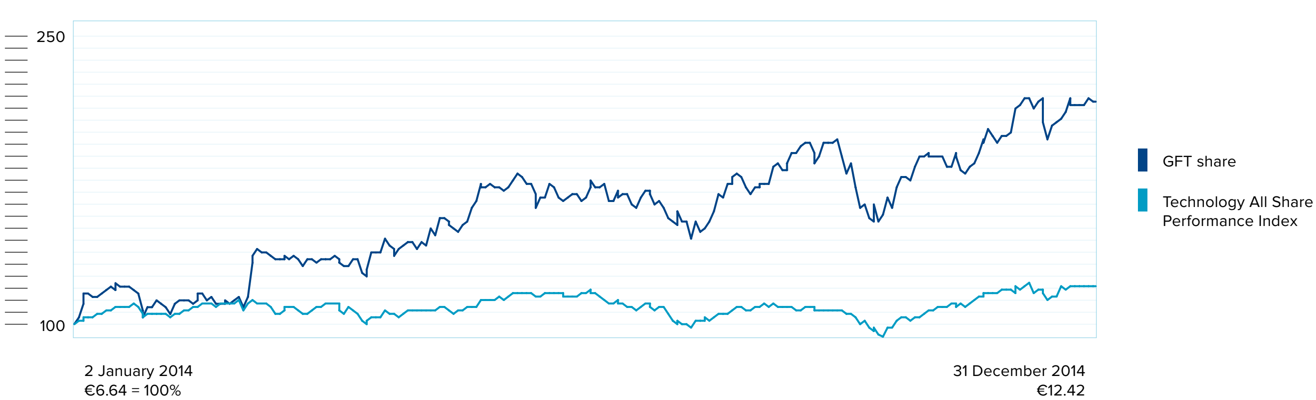
The share indices of the world's major stock markets were unable to match the dynamic trend of the previous year in 2014 and displayed a high degree of volatility throughout the year. Although interest rates remained low, the geopolitical uncertainties, negative economic indicators for the eurozone and end to the US Federal Reserve's bond purchase programs repeatedly shook investor confidence. After moving sideways in the first quarter of 2014, the international stock markets initially continued their long-term upward trend in the first half of the year – supported by the ongoing expansionary monetary policy of the world's major central banks. Due to a lack of investment alternatives, the high level of liquidity in the financial markets drove the major indices, such as the Dow Jones, S&P 500 and DAX, to ever higher records. The DAX reached an all-time high of 10,050.98 points on June 20, and thus passed the 10,000-point mark for the first time ever.

At the beginning of the third quarter, market sentiment was dampened again by heightened tensions between Western Europe and Russia. European stock indices came under pressure due to fears surrounding the imposed economic sanctions and there were heavy share price losses. The stock markets recovered in the further course of the quarter until weak economic data for the eurozone in October led to a significant downward correction. With the commitment of major central banks to maintain their relaxed monetary policy, share prices began a renewed upward trend which – with the exception of some minor setbacks – continued until the end of the year.

While the Dow Jones achieved annual growth of 7.5%, the S&P 500 rose by 11.4% and the Nasdaq Composite by 13.4%, the DAX was up by just 2.7% and the MDAX by 2.2%. In the previous year, the two German indices had recorded growth of over 25% and around 39%. Although the German tech stock index TecDAX finished the year up 17.5%, it fell well short of its prior-year trend (> 40%).

In a year of uncertainty on the stock markets, the GFT share continued its strong performance of the previous year in 2014. It started the year at a closing price on 2 January of €6.64 and passed the eight euro-mark in early March. This development was supported by positive analyst ratings and increased upside targets for the GFT share on publication of the results for fiscal year 2013. There was a further significant upward trend in May – our reporting month – underpinned by healthy results for the first quarter of 2014, as well as by further positive analyst assessments and strongly upgraded share price targets. On 26 May, the share price passed the ten euro-mark and closed the month at €10.14 on 28 May – despite the ex-dividend markdown. The GFT share reached its highest point of the first six months at €10.50 on June 9.

Share performance 2014 (indexed) – GFT Technologies AG vs. TecAll



In the third quarter, the GFT share continued its positive trend in a very volatile market environment but was unable to escape the fluctuations of the overall market. The share closed July down slightly and also mirrored the general market trend in August until it managed to pass the 10-euro mark again on 21 August. In September, the GFT share continued its upward trend and closed the month at €11.40 – its highest level since July 2001. In an extremely weak stock market environment, the share fell well below the €10-mark in October. On the announcement of upgraded guidance figures in late October, however, the share rose above €11 again. The GFT share made further progress in November and December in a generally buoyant market before suffering a renewed slide in mid December due to profit taking. Activities surrounding the GFT share calmed over the last few trading days of 2014 and the share ended the year at €12.42 – representing an increase of 87% over the year as a whole. The average daily trading volume (Xetra, Frankfurt) rose by 59% to 69,641 per day, compared to 43,949 in the previous year.

Changes in shareholder structure

As of 31 December 2014, the share capital of GFT Technologies AG amounted to €26,325,946.00, divided into 26,325,946 no-par bearer shares. Each no-par share has a prorated share of capital amounting to €1.00.

At the end of the year, company founder Ulrich Dietz still held 28.1% of shares and Maria Dietz 9.7%. In January 2014, LBBW Asset Management Investmentgesellschaft informed us that its shareholding had fallen below the 5% threshold. The shareholding of Dr Markus Kerber also fell below the 5% threshold in December 2014. As a consequence, the free float portion (according to the definition of Deutsche Börse) rose from 52.2% at the end of the previous year to 62.2% on 31 December 2014. According to the aforementioned definition, “non-free float” applies to all shares held by a shareholder whose accumulated total accounts for at least 5% of a company’s share capital attributable to a particular share class.

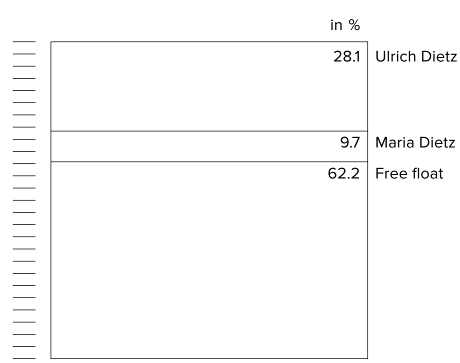
Annual General Meeting adopts all proposals

A total of 60% of voting rights were represented at the Annual General Meeting of GFT Technologies AG on 27 May 2014. All proposals presented by the Executive Board and Supervisory Board were adopted with large majorities.

Dividend

In the past financial year, shareholders participated in the profit of GFT Technologies AG for the year 2013 with a dividend payment of €0.25 per share. This corresponds to a total dividend payment of €6.58 million and a dividend rate of around 48%, based on the ratio between the dividend amount and the consolidated net profit for the year. At the Annual General Meeting on 23 June 2015, the Executive Board will propose a dividend equal to that of the previous year (€0.25) for the financial year 2014. This would correspond to a dividend rate of around 33%. It is thus in line with our dividend policy, which recommends a dividend rate of between 20% and 40%. Within this range, we aim to achieve a dividend rate of approximately 30 percent, whereby upward and downward adjustments may be made depending on the organic and inorganic growth of the GFT Group.

Shareholder structure on 31 December 2014



Information on the GFT share	2014	2013
Year-opening quotation (daily closing prices Xetra)	€6.64	€3.22
Closing quotation on 31 December (daily closing prices Xetra)	€12.42	€6.45
Percentage change	+87%	+100%
Highest price (daily closing prices Xetra)	€12.56 (18/11/2013)	€6.94 (18/11/2013)
Lowest price (daily closing prices Xetra)	€6.64 (02/01/2014)	€3.20 (03/01 and 07/01/2013)
Number of shares on 31 December	26,325,946	26,325,946
Market capitalisation on 31 December	€327 million	€170 million
Average daily trading volume in shares (Xetra and Frankfurt)	69,641	43,949
Earnings per share	€0.76	€0.52

ISIN: DE0005800601
Initial stock market quotation: 28/06/1999
Market segment: Prime Standard
Indices: TecDAX, DAXplus Family 30

Continuous capital market communication
The GFT Group maintains a continuous dialogue with shareholders, financial analysts and business journalists in order to explain its business model, business development and strategic decisions. We strive to provide a high degree of transparency and openness for all capital market participants. In the past financial year, there was a strong increase in the number of requests from institutional investors for meetings with members of the company's Executive Board. There has been a further internationalisation of the investor base. The number of analysts and investors participating in conference calls following the publication of the Group's annual and quarterly results was almost doubled. The Executive Board presented the company at capital market conferences and roadshows held in Frankfurt am Main, Zurich, Luxembourg, London, Paris and New York. Once again, there were signs of strongly increased interest in the GFT share – especially among foreign investors. Of the three financial institutes that publish studies and ratings on the GFT share (equinet, Warburg Research and LBBW), all rated the share a "Buy" at the end of the year. Moreover, a research specialist with a strong international orientation published positive studies on the GFT share with a wide reach in the Anglo-American market.

Supervisory Board Report

Dr Paul Lerbinger
Chairman of the Supervisory Board

Dear shareholders,

2014 was dominated by considerable geopolitical changes and economic uncertainty. In view of this difficult environment, it is all the more gratifying that the GFT Group can once again look back on a very successful year. With revenue in our financial year 2014 of €365.32 million and EBT of €27.07 million, the company easily exceeded the financial targets it set itself at the beginning of the year. With the acquisition of the Rule Financial Group, the GFT Group not only greatly strengthened its presence in the UK and USA, but also laid an important strategic foundation for the company's future development. This was all reflected on the capital market by further above-average growth in the company's share price during the financial year 2014.

In the following, we would like to report on the work of the Supervisory Board in detail:

Cooperation between Executive Board and Supervisory Board

In the financial year 2014, the Supervisory Board of GFT Technologies Aktiengesellschaft (GFT AG) once again carefully monitored the activities of the Executive Board in accordance with its obligations pursuant to law, the articles of association and its rules of procedure. In particular, all major projects of the Executive Board, the individual operating divisions, and the activities of the subsidiaries and their respective results were discussed thoroughly and critically. The Supervisory Board advised the Executive Board both on the strategic development of the company as well as on significant individual issues. We not only focused on the company's long-term organic and external growth, but also discussed management questions such as compliance, risk management, the internal control and audit systems, and the operational alignment of the GFT Group. There was also an in-depth analysis of the integration of company acquisitions, focusing mainly on the organisational integration of Sempla and Rule Financial.

In written and verbal reports, the Supervisory Board was regularly informed by the Executive Board, during and outside its meetings, on the current course of business, the development of earnings, key projects and any deviations from planned developments by means of ongoing target/actual comparisons. In addition to the financial reports, the Executive Board also submitted monthly reports to the Supervisory Board with the key performance indicators. These reports formed the basis for extensive discussions both within the Supervisory Board and between the Supervisory Board and the Executive Board. Moreover, we discussed the Group's development prospects, its strategic alignment and its financial, investment and personnel planning, as well as the associated risks, with the Executive Board. In addition to the regular Supervisory Board meetings, the Chairman and Deputy Chairman of the Supervisory Board were also in regular contact with the Executive Board throughout the year and were informed about the current development of business and key business transactions.

The Executive Board involved the Supervisory Board in all key decisions. All transactions which required the approval of the Supervisory Board during the reporting year were extensively examined and discussed by the Supervisory Board based on the basis of the written documents and oral explanations provided. All resolutions of the Supervisory Board – including the necessary approval decisions – were adopted during the meetings, or by phone or e-mail.

The processes described above ensured that the Supervisory Board was once again able to exercise its monitoring function carefully and promptly at all times in the financial year 2014.

Due to its limited size, the Supervisory Board continues to believe that there is no need for it to form committees. In accordance with statutory obligations, all tasks can be performed in a sensible and transparent manner by the Supervisory Board as a complete body. Nevertheless, on the basis of its own internal division of responsibility, individual members of the Supervisory Board focus in particular on specific areas. These include regular discussions outside the meetings between the designated Supervisory Board member and the external auditor on questions of accounting, auditing and the effectiveness of the internal controlling, auditing and risk management system.

Supervisory Board meetings and discussions held outside of meetings

The Supervisory Board held seven meetings and three conference calls in the financial year 2014. Resolutions on particularly urgent matters were adopted outside meetings by phone or e-mail. All members of the Supervisory Board attended more than half of the meetings.

The business development of the GFT Group and its divisions was discussed in detail at every meeting, as was the short-, medium- and long-term corporate and financial planning. The various company acquisitions of the past few years were also discussed, focusing especially on the integration of Sempla and the acquisition and subsequent integration of the Rule Financial Group. The Executive Board regularly informed the Supervisory Board in detail about the current status and further plans. An additional focus area in the reporting period was for the Supervisory Board to gain a personal impression of the task structures, strategies, planning and management of the GFT Group's most important domestic and overseas companies. The Supervisory Board also held regular meetings without the participation of the Executive Board, especially to discuss personnel matters concerning the Executive Board, such as upcoming extensions to Executive Board service contracts and internal issues of the Supervisory Board.

In a **conference call on 4 March 2014**, the Executive Board and Supervisory Board discussed the preliminary figures of the annual and consolidated financial statements for the financial year 2013 as submitted by the Executive Board as well as the Executive Board's original dividend proposal. Following its own examination, the Supervisory Board approved the preliminary figures and the Executive Board's dividend proposal. During the same conference call, the Executive Board also informed the meeting that an acquisition of the Rule Financial Group was being carefully examined.

Prior to the call, and in the absence of the Executive Board, the Supervisory Board adopted a resolution on the personal targets of the Executive Board members for financial year 2014.

At the balance-sheet meeting on **24 March 2014**, the Supervisory Board approved the annual financial statements and consolidated financial statements as at 31 December 2013 and thus adopted the financial statements for the year. On the basis of the documents provided well in advance, it had previously examined in detail the annual financial statements, the management report and the proposal for allocation of net income of GFT AG, as well as the consolidated financial statements and Group management report, and in particular the audit reports and certificate of the auditing company KPMG Wirtschaftsprüfungsgesellschaft AG, Berlin, and discussed them in detail at the meeting attended by the Executive Board and chief auditors. The latter presented their audit results and focus areas as well as answering in detail all questions posed by the Supervisory Board. The Supervisory Board also carefully examined the auditor's reports itself and was able to satisfy itself that the audit and audit report had been executed in an orderly and proper manner. The results of the Supervisory Board's own review corresponded with those of the auditors. Further topics included the agenda for the forthcoming Annual General Meeting and the resolutions to be proposed for adoption by the Annual General Meeting, as well as their approval. Furthermore, the Executive Board reported on the progress of negotiations for the acquisition of the Rule Financial Group.

Prior to this, without the presence of the Executive Board, the Supervisory Board resolved on whether the Executive Board members had reached their personal targets for the financial year 2013. The Supervisory Board also subjected its own work to the regular efficiency reviews for the financial year 2013 recommended by the German Corporate Governance Code (GCGC) on the basis of a questionnaire and an assessment of each member regarding their independence. The work of the Supervisory Board, the question of its members' independence, and its monitoring of management were all discussed in detail.

At the meeting on **5 May 2014**, the Executive Board informed the Supervisory Board mainly about the course of business and results of the first quarter, as well as the quarterly report for the first three months. The respective documents were provided in advance and discussed individually and in detail. The Executive Board reported on the progress of negotiations with the owners of the Rule Financial Group and discussed in detail with the Supervisory Board the various benefits and risks of the potential acquisition.

As the Executive Board had raised its dividend proposal for the Annual General Meeting planned for the following day, the Supervisory Board discussed the changed proposal and the reason for the increase at its meeting on **26 May 2014** – after receiving the information on 22 and 23 May 2014. Following in-depth discussions, the Supervisory Board decided to concur with the amended dividend proposal of the Executive Board. Moreover, the Managing Director of GFT Italia reported during the meeting on the GFT division's activities in Italy. This was followed by a presentation on the emagine segment in general and emagine's operating activities in Germany in particular, given by the Executive Board member responsible for this segment and his divisional manager for Germany. The current situation, medium- to long-term planning and strategic challenges were all discussed in detail.

At the Annual General Meeting on **27 May 2014** all members of the Supervisory Board were re-elected for a further term of office. The Supervisory Board met immediately afterwards and voted Dr Lerbinger as its Chairman and Dr Opitz as its Deputy Chairman.

During the **conference call on 26 June 2014**, the Supervisory Board voted to approve the Executive Board's decision regarding the acquisition of the Rule Financial Group after receiving detailed information from the Executive Board and discussing the matter in detail.

The **meeting of 4 August 2014** focused on a discussion of business and results in the first six months, as well as the submitted half-yearly financial report. The auditors of auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, attended the meeting and reported extensively on the activities, priorities and results of their audit review as well as answering any questions. The Managing Director of GFT UK Ltd. then presented the GFT division's activities in this region. At the end of the meeting, the CEO reported that GFT AG was considering changing its legal status to that of a European Company (Societas Europaea, SE) – thus also taking into account the company's European expansion. The Supervisory Board took note of the information.

At its meeting on **3 November 2014**, the Supervisory Board discussed the course of business in the third quarter of 2014, the quarterly financial report and the forecast for the fourth quarter. In addition, the Executive Board reported in detail on the recent company acquisitions and the completed and still ongoing integration measures regarding the acquired units. As the capital market and its assessment of GFT is of particular importance for the company, the Supervisory Board has invited an analyst to present the views of investors and market-tracking analysts on the company and its share, and to discuss individual points with the Supervisory Board and Executive Board.

Prior to this, and in the absence of the Executive Board, the Supervisory Board resolved to re-appoint a member of the Executive Board, approving both the contract extension and determining the content of the contract.

In the conference call on **24 November 2014** – in the absence of the Executive Board – a resolution regarding organisational and procedural regulations pursuant to section 112 AktG was adopted.

At the **meeting on 10 December 2014**, the Executive Board presented the budget for the financial year 2015 and explained the company's medium-term planning, including the financial, investment and manpower planning. After critically discussing the underlying assumptions about the expected course of business, the Supervisory Board approved the budget submitted by the Executive Board, including investment and liquidity planning for the financial year 2015. The Supervisory Board then discussed with the Executive Board the latter's reports on completed, ongoing and future investments, as well as the GFT Group's recruitment strategy. Furthermore, the Supervisory Board was informed about the current status of the Rule Financial Group's integration and plans to turn the company into a Societas Europaea (SE). In agreement with the Executive Board, the Supervisory Board then adopted the scheduled Declaration of Conformity with the German Corporate Governance Code according to section 161 AktG.

In a prior internal meeting, without the Executive Board, the Supervisory Board had subjected its work to an efficiency audit for the financial year 2014 in accordance with the German Corporate Governance Code, which is based on a questionnaire and an assessment of independence for each of its members. The work of the Supervisory Board, its monitoring of management and the question of independence of each individual member were discussed in detail.

Corporate Governance and Declaration of Compliance

In the financial year 2014, the Supervisory Board once again discussed the rules of good corporate governance and their application within the GFT Group. Further details on our corporate governance principles and their implementation are presented in the Corporate Governance Report on the company's website *www.gft.com/corporate-governance-en*.

At the meeting of 10 December 2014, the committee submitted the joint declaration of the Supervisory Board and Executive Board on the German Corporate Governance Code pursuant to section 161 AktG. The document was published on the company's website *www.gft.com/corporate-governance-en* on 11 December 2014.

The members of the Supervisory Board individually pursued their duties regarding ongoing training, as also recommended in section 5.4.5 of the German Corporate Governance Code, by studying the latest literature and attending events for Supervisory Board members, in particular on issues regarding the correct performance of Supervisory Board duties, corporate governance and financial reporting. In addition, prior to scheduled meetings, the Supervisory Board attended four training events organised at its behest by GFT AG. In particular, these events provided information on current developments in stock and capital market legislation, as well as International Financial Reporting Standards (IFRS), the main audit topics in 2014 of the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung) and the related tasks of the Supervisory Board.

Independence of Supervisory Board members, conflicts of interest and their treatment

The Supervisory Board believes that all members of the Supervisory Board are independent pursuant to section 5.4.2 GCGC. Whenever transactions between GFT AG, or companies of the GFT Group, on the one hand and companies for which individual members of the Supervisory Board work on the other were discussed, or resolutions were adopted, the Supervisory Board members in question did not attend in order to avoid any suspicion of a conflict of interest. Conflicts of interest regarding members of the Executive Board pursuant to section 4.3.4 GCGC were not disclosed to the Supervisory Board.

Annual financial statements and consolidated financial statements 2014

The annual financial statements and management report as at 31 December 2014 of GFT AG, as well as the consolidated financial statements and Group management report of the GFT Group as at 31 December 2014 were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin. The audits each received an unqualified audit opinion. As part of the audit remit, the auditors also concluded that the Executive Board had taken appropriate steps, as required by section 91 (2) AktG, in particular to establish a monitoring system for the early detection of developments which might jeopardise the continued existence of the company.

The annual financial statements and management report and the consolidated financial statements and Group management report as at 31 December 2014, as well as the audit reports of the auditors, the other documents to be examined and the Executive Board's proposal for the appropriation of the balance sheet profit were made available to each member of the Supervisory Board in good time. All of the above documents – with the exception of the annotated auditor's reports – were explained by the Executive Board at the Supervisory Board of 24 March 2015. The meeting was also attended by the auditors, who reported on the priorities and the results of the audit and stated fact that no material weaknesses in the internal control system and risk management system in relation to the financial reporting process had been detected.

The qualification, independence and efficiency of the auditors was regularly checked by the Supervisory Board during the year under review, especially in connection with discussions on the Annual Financial Statements and Interim Financial Reports. The auditors reported on other services rendered and declared that pursuant to sections 7.2.1 and 7.2.3 GCGC there were no circumstances which might impair their independent and unbiased audit.

The Supervisory Board examined itself all documents submitted on the annual and consolidated financial statements, including the audit reports of the auditors, and discussed them with the Executive Board and the auditors at length. It is the firm belief of the Supervisory Board that these documents were prepared in an orderly manner and comply with statutory requirements, as do the audit and the audit reports. The Supervisory Board has no objections and concurs with the findings of the audit, also on the basis of its own review. At its meeting of 24 March 2015, it approved the annual financial statements 2014 of GFT AG and the consolidated financial statements of the GFT Group for 2014, as prepared by Executive Board, with a respective resolution. The annual financial statements of GFT AG for 2014 were thus adopted. On the basis of its own review, and in consideration of the economic situation of the company, the Supervisory Board believes that the Executive Board's proposal concerning the allocation of net income and a dividend payment of €0.25 per ordinary share entitled to dividends is reasonable and therefore supports this proposal.

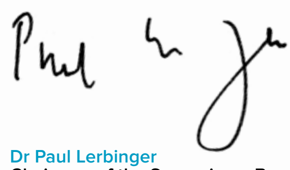
Thanks

All information contained in this report reflects the status of 24 March 2015.

Further information on the members of the Supervisory Board can be found in the notes to the consolidated financial statements, section 34.

The Supervisory Board would like to thank all employees of the GFT Group in Germany and abroad, as well as the members of management, for their hard work and dedication in the highly successful financial year 2014. We also thank our shareholders, who placed their trust in GFT AG over the past financial year.

Stuttgart, 24 March 2015
For the Supervisory Board



Dr Paul Lerbinger
Chairman of the Supervisory Board

FURTHER INFORMATION ON CORPORATE GOVERNANCE OF GFT TECHNOLOGIES AG

¬ Corporate Governance Report
¬ Corporate Governance Statement
¬ Declaration of Compliance

is available at *www.gft.com/corporate-governance-en*

Group Management Report

2.2

Group Management Report

of GFT Technologies Aktiengesellschaft as of 31 December 2014

1. Basic Principles of the Group

1.1. Business Model

Group structure

As the strategic management holding company of the GFT Group, GFT Technologies Aktiengesellschaft (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. GFT AG also provides group-wide administrative services and manages global Corporate Communications, including communication with the capital market in the field of Investor Relations. 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 division in Germany.

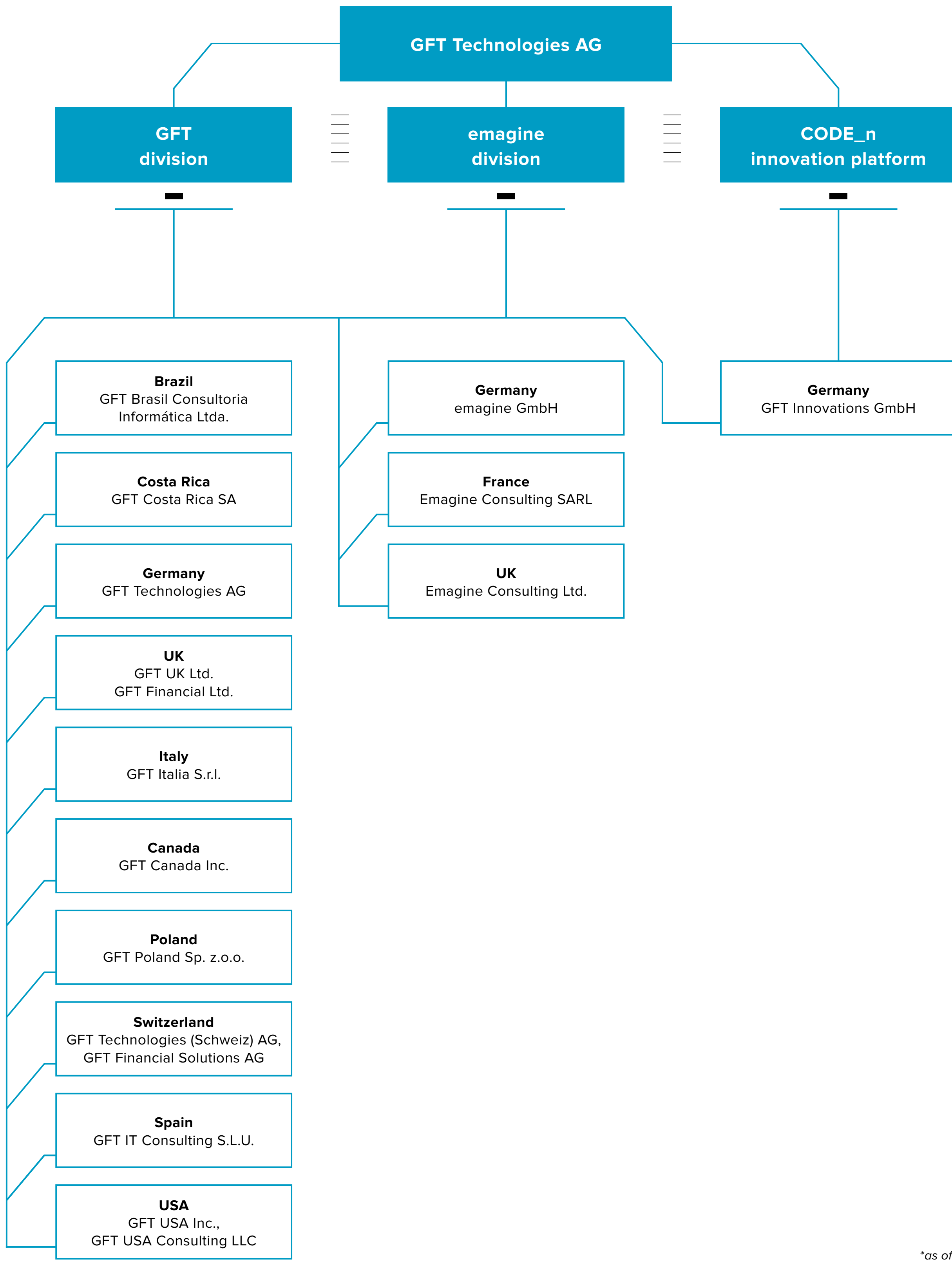
On 30 September 2014, the Executive Board of GFT AG resolved to make a proposal to shareholders at a General Meeting in 2015 to change the company's legal form to that of a European Company (SE). The company's current two-tier organisational structure, consisting of an executive board and a supervisory board, is also to be changed to a single-tier governance structure with an administrative board.

The GFT Group is represented in eleven countries (Brazil, Canada, Costa Rica, France, Germany, Italy, Poland, Spain, Switzerland, UK, USA).

On 26 June 2014, the GFT Group acquired almost 98% of shares in the UK-based company Rule Financial Ltd., London, UK (hereinafter "Rule"). The agreement was signed and closed – and the first tranche of the purchase price paid – on the same day. Rule's preliminary balance sheet figures were included in the consolidated financial statements of the GFT Group for the first time on 30 June 2014. Rule specialises in providing IT solutions for investment banks. With branches in the UK, the USA, Canada, Poland, Costa Rica and Spain, the Rule group's range of services includes business consulting, IT consulting and IT services. By acquiring Rule, the GFT Group expanded the portfolio of its GFT division, which specialises in IT solutions for the financial sector, and greatly strengthened its onshore presence for investment banks in the UK and USA. The GFT division now also boasts further nearshore development centres in Poland and Costa Rica. Further shares in Rule have since been acquired so that the total shareholding is now 99.8%.

A full list of subsidiaries and other investments is provided in the notes to the consolidated financial statements.

*Structure of the GFT Group with the most important Group companies**



**as of February 2015*

Business operations

The GFT Group is an internationally aligned, strategic technological partner for future digital issues. With is portfolio of services, it helps companies optimise their business processes with the aid of intelligent IT solutions and assists them with the implementation of cutting-edge technological developments in future-oriented business models. It also enables its clients to flexibly staff their strategic technology projects with highly skilled, freelance specialists.

The GFT Group's operations are centrally managed across all locations and countries. The GFT Group comprises the two operating divisions GFT and emagine, as well as the innovation platform CODE_n. emagine and CODE_n are marketed under their own brand names. As a sector specialist, the GFT division helps financial institutes optimise their business processes with the aid of innovative IT 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, the implementation of compliance requirements, 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, globally operating 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 Digital Banking, Mobile Payment, Big Data and Analytics. For example, GFT helps banks to realign and optimise their business models and implement compliance regulations. With the aid of its Global Delivery Model, which combines customer proximity with attractive cost benefits (onshore/nearshore model), the GFT 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 selected growth industries. Its core markets are Germany, UK and France.

The GFT division has been expanded and strengthened by recent selective acquisitions and strong organic growth. The GFT Group plans to uphold this growth strategy – especially for the GFT division. Against this backdrop, strategic options are being considered for the emagine division. In the fourth quarter of 2014, the GFT Group therefore commissioned an investment bank to sound out potential investors.

Initiated in 2011, the innovation platform CODE_n for founders and leading companies is a global ecosystem for digital pioneers. Originally a start-up contest for the CeBIT computer fair, it has developed into an active global community of digital visionaries working together on new ideas for the digital economy. CODE_n now comprises the elements CONTEST (international start-up competition), CONNECT (online cooperation platform for established and young companies, as well as investors), CULTURE (events relating to innovation and digitisation topics) and SPACES (start-up centres with support from the GFT Group). With the aid of CODE_n, the GFT Group has positioned itself as a forward-looking company with advance access to pioneering IT innovations which strengthen its own long-term innovation capabilities.

1.2. Management System

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 together with the Management Board any opportunities which may have a positive impact on business, as well as target deviations in order to take swift corrective action.

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.

The KPIs used to measure the success of strategy implementation are consolidated revenue, EBITDA (earnings before interest, taxes, depreciation and amortisation) and EBT (earnings before taxes). Other key operating figures are also used for the internal management process. These include revenue by segment, including the respective margins; revenue by country, client group and industry; contribution margins; and account collection targets. A key non-financial performance indicator is the productive utilisation rate of the GFT division. This is disclosed for the first time in financial year 2014 and does not yet include the Rule units added in the middle of the year. The productive utilisation rate is based solely on the use of production staff in client projects and does not include any sales activities or involvement in internal projects. Target/actual and year-on-year comparisons of key financial performance indicators and year-on-year figures for utilisation rate are to be found in the Economic Report. Moreover, the Economic Report includes an explanation of further key non-financial performance indicators which play an important role for the company's successful development but are not used to steer all areas of the company.

A key component of the internal management process is the Group's systematic opportunity and risk management aimed at identifying, assessing and steering opportunities and risks which may lead to positive or negative deviations from our targets. Further information on opportunity and risk management is provided in the Risk Report and Opportunities Report sections.

1.3. Research and Development

The GFT Group continually identifies and analyses the most important technology trends in the business environment of its customers. On this basis, the GFT division develops pioneering solutions for the banking sector and helps its clients enhance their competitive position by gaining a technological lead. The Applied Technologies Group is responsible for conducting innovative basic research at GFT's Spanish development centre in Sant Cugat, near Barcelona. It prepares and evaluates trend analyses, examines the viability of new technological developments, builds prototypes of new application solutions and supports our sales teams with solution approaches. To maintain the consistently high quality of our global development services, software development processes are examined and continually optimised according to the international standard CMMI® (Capability Maturity Model Integration).

The GFT division concentrates its R&D efforts on the following strategic initiatives:

GFT Appverse is an open source development platform for mobile, web-based applications. The Applied Technologies division uses this platform to develop customer-specific apps for mobile devices. In 2014, we focused on setting up a test laboratory for the customer-centric, virtual bank of the future. This highlights the ways in which established banks can align their business models more closely with customer needs and remain competitive with the aid of further digitisation. Examples in this field include solutions for mobile cashless payment from smartphone to smartphone (peer-to-peer payment) or the creation of tailored offers based on real-time marketing.

At the **SAP Competence Centre**, experts develop tailored solutions for financial institutes which help them integrate SAP software into their existing IT platform. A key focus area in 2014 was the further development of solutions for use of in-memory databases based on SAP HANA technology. This so-called big data technology is integrated into client solutions in order to significantly reduce the computing time for complex simulations. This can help banks, for example, provide customers with faster loan commitments on better terms without worsening their own risk position.

GFT's **International Cooperation Projects** (ICP) team focuses on developing IT innovations as part of the Horizon 2020 R&D programme launched by the European Union in January 2014 which will provide over €70 billion of funding over a period of seven years. In cooperation with research institutes, universities and other companies, ICP collaborated on a number of IT projects in 2014 aimed at developing future technologies in the field of Big Data, Data Analytics and Mobility which have been submitted for funding.

The project management solution Cardinis – acquired in connection with the Sempla takeover in 2013 – was further developed for the international market in the reporting period. Cardinis supports both the management of individual projects as well as all projects of a company. Development costs of €0.31 million incurred in the financial year 2014 (prev. year: €0.09 million) were capitalised.

The GFT Group invested a total of €2.14 million in research and development during the reporting period 2014 (prev. year: €2.06 million). The largest share of this total (€1.93 million or 90%) was accounted for by personnel expenses (prev. year: €1.84 million or 89%). Expenses for outside services in the field of research and development amounted to €0.06 million, corresponding to 3% of total research and development costs.

2. Economic Report

2.1. General Economic and Sector-Specific Conditions

General economic conditions
The global economy continued its recovery in 2014, but at a slower pace than expected by experts. After a positive start, global economic growth began to lose momentum over the course of the year. According to a report of the International Monetary Fund (IMF) in January 2015, the global economy achieved growth of 3.3% in 2014. Although this mirrored the previous year's increase, it fell short of the 3.7% forecast by the IMF at the beginning of 2014. The IMF's experts believe this slower growth rate was due to underinvestment in many economies, the urgent need for structural reforms in many states, and the after-effects of the recession. Risks such as the eurozone's sluggish recovery, geopolitical crises such as in Ukraine and the Middle East, and a possible overheating of the financial markets all left their mark on the reporting year and slowed the growth momentum.

The IMF also downgraded its forecast for the eurozone during 2014 – from 1.0% in January 2014 to 0.8% in its October outlook. According to the IMF's report in January 2015, the eurozone grew by 0.8% in 2014. In December 2014, the European Central Bank (ECB) also confirmed this slowdown in growth and lowered its forecast for real GDP growth compared to its September report. The ECB also believes that GDP grew by 0.8% in 2014.

According to an IMF report of January 2015, the German economy recorded growth of 1.5% in 2014, and thus remained below expectations. Germany's Council of Economic Experts also lowered its forecast for 2014 from 1.9% to 1.2% in its autumn report. The economists cited geopolitical risks and the unfavourable economic development in major eurozone states among the main reasons.

Sector-specific conditions
According to figures of US market researcher Gartner in January 2015, spending in the global IT market grew by 3.2% in 2014 (calculated on a constant currency basis) and was in line with analyst expectations from September 2014. Global spending on IT services increased by 3.6% in 2014 worldwide, or 0.2 percentage points less than predicted at the end of the third quarter.

In its economic report of October 2014, the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM) forecast growth of 1.8% to €142.8 billion for the German ICT market (information technology and telecommunication products and services) in 2014. It predicted an increase in sales of 4.3% to €77.8 billion for the information technology – which would thus remain the sector's main growth driver. At 2.7% to €36.3 billion, the pace of growth in IT services was expected to lag behind the overall IT market. According to the Federal Association, this was mainly due to the general economic slowdown which was negatively affecting project business. BITKOM believes that the generally positive situation of the ICT sector in Germany will create some 10,000 new jobs in 2014. In its study of November 2014, the European Information Technology Observatory (EITO) expects the ICT market in the USA to grow by an estimated 3.3% to €775 billion in 2014. In the European Union, however, EITO believes the growth rate over the same period would be just 0.4% to €641 billion.

2.2. Development of Business

Development of business compared to guidance
The GFT Group announced its revenue and earnings guidance for the financial year 2014 on publication of its preliminary results for the financial year 2013 on 5 March 2014. It forecast an increase in consolidated revenue of 17% to €310.00 million for the financial year 2014. The forecast for earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to €28.00 million, while pre-tax earnings (EBT) were expected to reach €23.00 million for the year as a whole. In its Annual Report 2013, the GFT Group also confirmed its mid-term forecast for the financial year 2015 with anticipated revenue of €400.00 million an operating pre-tax profit margin of around 7%.

In an ad-hoc announcement on 26 June 2014, the GFT Group informed the capital market that it had acquired Rule Financial Ltd., London, UK, and raised its revenue guidance for the full-year 2014 by €42.00 million to €352 million and its EBITDA guidance by €1.50 million to €29.50 million. The EBT target of €23.00 million remained unchanged.

In an ad-hoc announcement on 29 October 2014, the GFT Group upgraded its full-year guidance once again with expected revenue of €360.00 million (plus €8.00 million), EBITDA of €32.00 million (plus €2.50 million) and EBT of €26.00 million (plus €3.00 million). The reasons stated were very dynamic growth during the course of the third quarter and the expected carry-over of this growth in the fourth quarter in virtually all GFT markets and customer groups. Moreover, the ongoing integration of Rule was thought to be making very good progress.

In terms of revenue and earnings, the GFT Group exceeded the last guidance it issued in financial year 2014. With revenue growth of 38% to €365.32 million (prev. year: €264.29 million), the last guidance issued was exceeded by €5.32 million or 1.5%. EBITDA rose by 69% to €34.64 million (prev. year: €20.49 million) and was thus €2.64 million or 8.3% above the last guidance issued. EBT amounted to €27.07 million, corresponding to year-on-year growth of 55% (€17.52 million) and a positive forecast deviation of 4.1% or €1.07 million.

Overview of business development
In a macroeconomic environment marked by uncertainty, the GFT Group continued the positive development of the previous year in its financial year 2014 and once again achieved strong growth in revenue and earnings. The forecasts for revenue, EBITDA and EBT upgraded several times over the course of the year were exceeded again by year-end.

Target/actual comparison for the financial year 2014

KPIs	Forecast 2014	Results 2014	Absolute deviation	% deviation
Revenue	€360 million [1]	€365.32 million	€5.32 million	1.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€32 million [2]	€34.64 million	€2.64 million	8.3
Earnings before taxes (EBT)	€26 million [3]	€27.07 million	€1.07 million	4.1

1) Guidance upgraded in June 2014 (plus €42.00 million) and October 2014 (plus €8.00 million)
2) Guidance upgraded in in June 2014 (plus €1.50 million) and October 2014 (plus €2.50 million)
3) Guidance upgraded in October 2014 (plus €3.00 million)

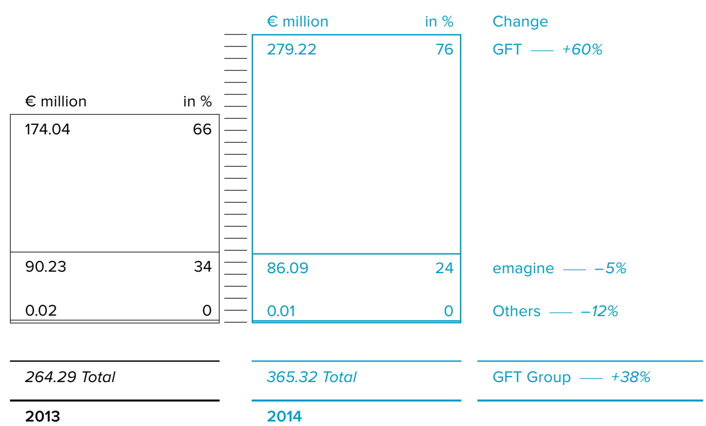
This dynamic revenue and earnings trend resulted mainly from strong organic growth in the GFT division, as well as from the acquisition in mid 2013 of the consultancy Sempla S.r.l., Milan, Italy (as of January 2014: GFT Italia S.r.l., Milan, Italy/hereinafter “GFT Italia”) and the acquisition of Rule Financial Ltd., London, UK, at the end of June 2014. GFT Italia was included in the income statement of the GFT Group as of the second half of 2013 and Rule as of the second half of 2014. The GFT Group greatly strengthened its GFT division with the two acquisitions. Whereas GFT Italia enabled entry into Europe’s third-largest IT market via an established IT specialist for the Italian banking sector, Rule greatly expanded the division’s services for the investment banking sector in the UK and USA. The division’s business with solutions for investment banking had already grown strongly in the preceding year due to increased banking regulations and continued to enjoy extremely dynamic growth in financial year 2014. The acquisition of Rule also strengthened GFT’s Global Delivery Model with production centres in Spain and Brazil through the addition of further nearshore centres in Poland and Costa Rica. Revenue of the GFT division rose by 60% to €279.22 million in 2014 (prev. year: €174.04 million), of which GFT Italia contributed €45.79 million and Rule €38.39 million. Bolstered by the acquisition of Rule, GFT enjoyed particularly strong growth in the UK and USA. GFT’s organic growth amounted to 28% and was thus stronger than in the preceding year (26%). As a result of this positive revenue trend and the consistently high level of capacity utilisation, earnings (EBT) rose by 50% to €28.07 million (prev. year: €18.68 million), corresponding to a margin of 10.1% (prev. year: 10.7%).

Specialising in the staffing of technology projects, the emagine division posted revenue of €86.09 million in the financial year 2014 and was thus 5% below the corresponding prior-year figure (€90.23 million). The expected return to growth thus failed to materialise. By contrast, EBT rose by 54% to €1.66 million (prev. year: €1.08 million), resulting in an improved operating margin of 1.9% (prev. year: 1.2%). With its aim of focusing on the growth strategy of the GFT division, the GFT Group began evaluating the strategic options for the emagine division in the fourth quarter of 2014 and commissioned an investment bank to identify potential investors.

2.3. Development of Revenue

In the financial year 2014, the GFT Group generated revenue growth of 38% to €365.32 million (prev. year: €264.29 million). As a member of the consolidated group since July 2013, GFT Italia contributed €45.79 million (prev. year: €21.77 million) to Group revenue. Acquired on 26 June 2014, Rule contributed €38.39 million to consolidated revenue in the second half of 2014.

Revenue by segment



The GFT Group comprises the two operating divisions (segments) **GFT** and **emagine**.

As a sector specialist dedicated to helping banks optimise their business processes with the aid of innovative IT solutions, the **GFT** division continued the positive development of the preceding year with revenue growth of 60% to €279.22 million in the financial year 2014 (prev. year: €174.04 million). Adjusted for the revenue contributed by the two acquisitions GFT Italia and Rule (both integrated into this division), GFT posted organic growth of 28% (prev. year: 26%). The key growth drivers were increasing regulatory compliance requirements in the banking sector – especially in the field of investment banking – and the ongoing digitisation of business processes. Bolstered by the acquisition of Rule, GFT more than doubled revenue in the UK and USA. The division’s share of consolidated revenue rose to 76% (prev. year: 66%).

The **emagine** division specializes in the staffing of technology projects with highly skilled experts for IT and engineering in the core markets Germany, UK and France. In the financial year 2014, emagine was unable to achieve the expected return to growth and posted a 5% year-on-year decline in revenue to €86.09 million (€90.23 million).

Revenue by country

	2013 € million	2013 in %	2014 € million	2014 in %	Change
UK	61.02	23	121.81	33	+100%
Germany	83.35	31	78.53	22	–6%
Italy	27.77	10	50.20	14	+81%
France	39.00	15	36.88	10	–5%
Spain	26.19	10	30.74	8	+17%
USA	10.62	4	26.17	7	+146%
Switzerland	9.62	4	10.46	3	+9%
Other countries	6.72	3	10.53	3	+57%
GFT Group	*264.29 Total*		*365.32 Total*		+38%

The **UK** has been the GFT Group's largest sales market since the first quarter of 2014. In the financial year 2014, revenue generated in this country doubled to €121.81 million (prev. year: €61.02 million). Due to strong demand in the field of investment banking and bolstered by the acquisition of Rule, the GFT division more than doubled revenue to €110.00 million (prev. year: €50.13 million). The emagine division also recorded revenue growth of 8% to €11.81 million (prev. year: €10.89 million). The UK's share of consolidated revenue rose to 33% (prev. year: 23%).

Revenue in **Germany** decreased by 6% to €78.53 million in 2014 (prev. year: €83.35 million). Revenue was down 6% to €41.66 million (prev. year: €44.13 million) in the GFT division and also by 6% to €36.87 million (prev. year: €39.20 million) in the emagine division. As the GFT Group's second largest sales market, Germany's share of total revenue fell to 22% (prev. year: 31%).

With the acquisition of GFT Italia, the GFT Group has also been represented in **Italy** since the second half of 2013. Revenue with Italian clients (previously classified under "Other countries") is now disclosed separately under "Italy". Revenue of €50.20 million (prev. year: €27.77 million) was generated in Italy in the financial year 2014. Italy accounted for 14% (prev. year: 10%) of total Group revenue.

Revenue in **France** was down 5% year on year to €36.88 million (prev. year: €39.00 million). The revenue in this region is generated almost completely by the emagine division. France's contribution to Group revenue fell to 10% (prev. year: 15%).

Against the backdrop of an economic recovery and a revitalised banking sector, revenue with clients in **Spain** rose by 17% to €30.74 million (prev. year: €26.19 million). The market accounted for 8% (prev. year: 10%) of the GFT Group's revenue.

GFT reported its strongest revenue growth in the financial year 2014 in the **USA** with a year-on-year increase of 146% to €26.17 million (prev. year: €10.62 million). As in the UK, this strong growth resulted mainly from the positive development of our solutions for investment banks and the acquisition of Rule. The country's contribution to consolidated revenue rose to 7% (prev. year: 4%).

Revenue in **Switzerland** increased by 9% to €10.46 million (prev. year: €9.62 million). This region accounted for 3% (prev. year: 4%) of consolidated revenue.

Revenue from **Other countries** improved by 57% to €10.53 million (prev. year: €6.72 million), corresponding to a share of consolidated revenue of 3% (prev. year: 3%). The growth in revenue resulted in part from the positive business trend in Brazil and initial revenue contributions from new business regions.

Revenue generated outside Germany increased by 59% to €286.79 million in the financial year 2014 (prev. year: €180.94 million) and accounted for 79% of total Group revenue (prev. year: 68%).

Revenue by industry

	2013 € million	2013 in %	2014 € million	2014 in %	Change
Financial service providers	176.42	67	275.87	75	+56%
Other industries	54.25	20	54.50	15	0%
Other service providers	33.62	13	34.95	10	+4%
Total / GFT Group	264.29 Total		365.32 Total		+38%

With a 75% share of consolidated revenue (prev. year: 67%), the **financial service providers** sector was the most important target industry for the GFT Group in the financial year 2014. Revenue generated in this sector increased by 56% to €275.87 million (prev. year: €176.42 million).

Revenue generated with clients in the industrial sector, comprised under **Other industries**, amounted to €54.50 million and was virtually unchanged from the previous year (€54.25 million). Its revenue contribution fell to 15% (prev. year: 20%).

In the **Other service providers** sector, revenue rose by 4% to €34.95 million in 2014 (prev. year: €33.62 million), corresponding to a share of GFT Group revenue of 10% (prev. year: 13%).

2.4. Earnings Position

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of the GFT Group improved by €14.15 million to €34.64 million in the financial year 2014 (prev. year: €20.49 million), corresponding to growth of 69%. The EBITDA result includes an amount of €0.13 million from Rule in the second half of 2014 as well as total costs for the CODE_n innovation drive and this year's CeBIT fair presence of €1.05 million (prev. year: €0.94 million).

Despite a sharp increase in depreciation and amortisation of €3.72 million, **earnings before interest and taxes (EBIT)** improved by €10.43 million to €28.08 million in the financial year 2014 and were thus 59% above the prior-year figure (€17.65 million).

Earnings before taxes (EBT) rose by 55% to €27.07 million in 2014 (prev. year: €17.52 million). This led to a strong improvement in the operating margin of 0.8 percentage points to 7.4% (prev. year: 6.6%)

In the reporting period, the GFT Group generated **earnings after taxes** of €19.95 million. This represents an increase in net profit of €6.32 million or 46% compared to the previous year (€13.63 million).

The calculated **tax ratio** rose to 26% (prev. year: 22%) and is thus almost at a normal level without special items. The slight increase resulted from the current distribution of earnings among the various national subsidiaries.

Due to the positive development of earnings in the financial year 2014, **earnings per share** rose strongly to €0.76 (prev. year: €0.52 per share) based on 26,325,946 outstanding shares.

Consolidated earnings position by segment
In the first six months of the past reporting year, segment allocation was revised with resulting slight changes to the prior-year segment figures. Details are provided in chapter 20 of the notes to the consolidated financial statements.

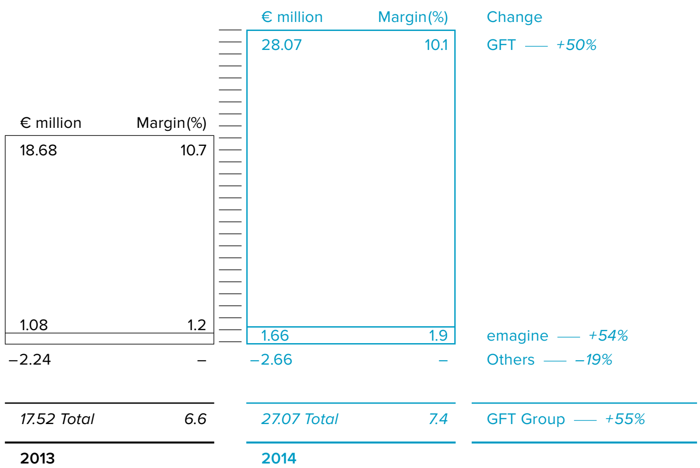
The pre-tax earnings contribution (EBT) of the **GFT** segment rose by 50% to €28.07 million in the financial year 2014 (prev. year: €18.68 million), corresponding to an operating margin to 10.1% (prev. year: 10.7%). The slight decline in operating margin was mainly due to purchase price allocation (PPA) effects from the acquisition of Rule.

A key non-financial performance indicator is the productive utilisation rate of the GFT division, which is based solely on the use of production staff in client projects and does not include any sales activities or involvement in internal projects. In the financial year 2014, it remained virtually unchanged at the very high rate of 89.2% (prev. year: 89.3%). This figure does not include the Rule units.

Pre-tax earnings (EBT) of the **emagine** segment amounted to €1.66 million in the financial year 2014 (prev. year: €1.08 million). Despite lower revenues, an improved operating margin of 1.9% (prev. year: 1.2%) helped raise earnings by €0.58 million.

The **"Others"** category – presented as a reconciliation column in segment reporting – comprises balance sheet effects, costs of the holding company and consolidation amounts which cannot be directly charged to either of the two aforementioned divisions. At €–2.66 million, pre-tax earnings of this division in the financial year 2014 were 19% below the prior-year figure (€–2.24 million). This segment includes expenses for the CODE_n innovation platform and CeBIT fair presence in March 2014 as well as positive currency effects.

Earnings by segment (EBT)



Consolidated earnings position by income and expense items

In the financial year 2014, **other operating income** fell slightly by €0.07 million to €4.25 million (prev. year: €4.32 million). The largest items were the reversal of provisions and income from currency effects.

The item **cost of purchased services** – mainly comprising the use of external manpower – increased to €125.13 million in the reporting period (prev. year: €108.56 million). Despite the significant reduction in purchasing volumes of the Third Party Management business, the absolute expense rose as a result of increased purchases of external staff by Rule. As a result of the increase in consolidated revenue, the ratio of cost of purchased services to revenue fell year on year by 7 percentage points to 34% (prev. year: 41%).

Personnel expenses increased by €54.42 million to €165.10 million in the reporting period (prev. year: €110.68 million). Despite the sharp rise in headcount and significantly increased revenue share of the more labour-intensive GFT segment of 76% (prev. year: 66%), the proportion of personnel expenses to revenue (the so-called personnel cost ratio) remained stable at 45% – just 3 percentage points up from the prior-year figure (42%).

In the financial year 2014, **depreciation of intangible and tangible assets** rose by €3.72 million to €6.56 million (prev. year: €2.84 million). The increase was largely due to acquisitions. Depreciation of €2.59 million resulted from the acquisition of GFT Italia in 2013. The Rule acquisition resulted in prorated depreciation from operating activities of €0.54 million and writedowns on the customer base from the purchase price allocation (PPA) of €1.35 million.

Other operating expenses rose by 55% to €44.69 million in the reporting period (prev. year: €28.75 million). The main cost elements were operating, administrative and selling expenses, which rose by €15.59 million to €41.65 million (prev. year: €26.06 million). Only €3.22 million of the cost increase is attributable to the initial consideration of Rule in the consolidated financial statements. The largest cost increases were in the field of operating expenses, especially for office space, and the field of administrative expenses for external consulting and legal costs. Selling expenses rose mainly as a result of increased travel expenses and slightly higher costs for CODE_n. Other operating expenses also include currency losses and other taxes.

Compared to the same period last year, the **financial result** fell by €0.78 million to €–1.03 million (prev. year: €–0.25 million), mainly as a result of increased interest payments.

Income taxes amounted to €7.11 million and were thus €3.22 million above the prior-year figure (€3.89 million).

Due to the increase in consolidated earnings there was a moderate rise in the calculated tax ratio, as explained above.

2.5. Financial Position

The financial management of the GFT Group 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. The company is currently refinanced via promissory note loans (»Schuldscheindarlehen«) of €25 million and further capital market loans of €45.00 million, whereby the latter expire on 30 June 2015 and can be called due if certain covenants are not attained. From the current perspective, we are not aware of any material risks regarding the non-attainment of specific covenants in the promissory note loan agreements. With regard to finance beyond 30 June, a syndicated loan is currently being negotiated with banks. As an alternative, finance options via longer-term capital market loans are being examined. The GFT Group also has unused credit lines of €36.72 million.

As of 31 December 2014, **cash, cash equivalents and securities** amounted to €38.25 million and were thus €10.38 million below the corresponding figure at the end of 2013 (€48.63 million). This cash outflow resulted from the acquisition of Rule at the end of June 2014 and increased investment in property, plant and equipment. Compared to the end of the reporting period, the stock of securities was liquidated (31 December 2013: €1.35 million).

Cash flows from operating activities amounted to €15.21 million in the financial year 2014 and were thus €7.77 million above the prior-year figure of 2013 (€7.44 million). This development results mainly from the initial presentation of Rule. As usual, cash flows from operating activities are generally negative during the course of the year and then strongly positive towards year-end. Tax effects had less impact on cash flows from operating activities, as the increase in taxes on income and earnings to €7.11 million (prev. year: €3.89 million) was offset by the rise in income taxes paid to €8.15 million (prev. year: €–2.09 million). The year-on-year increase in net profit of €19.95 million (prev. year: €13.63 million) and the increase in depreciation on intangible and tangible assets to €6.56 million (prev. year: €2.84 million) all had a positive impact on cash flow.

The lower positive change in other assets of €2.39 million (prev. year: €4.66 million) and a stronger change in receivables to €–17.85 million (prev. year: €–13.79 million) had a negative impact on cash flow.

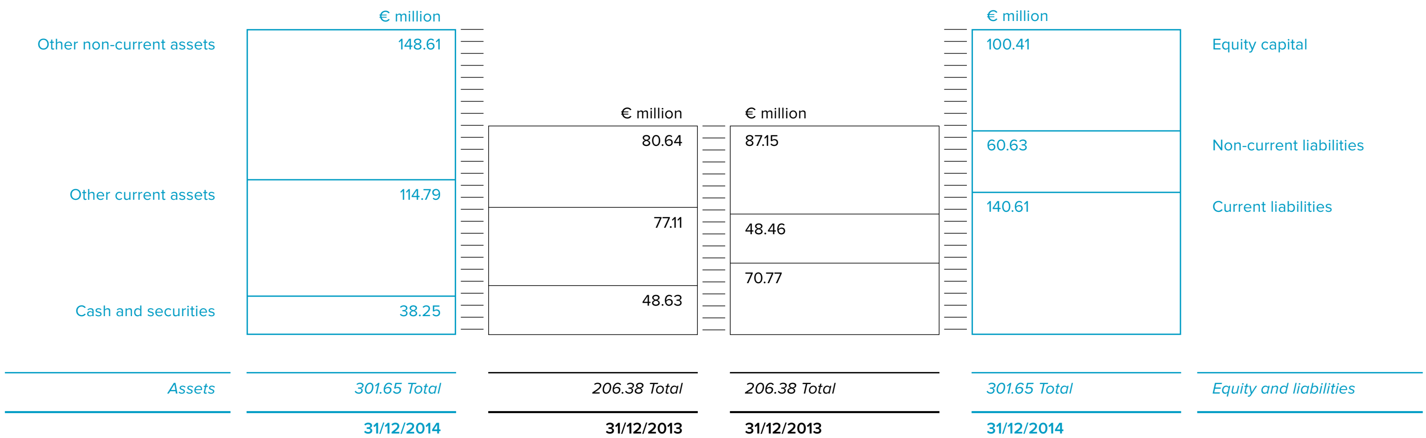
The **change in liquidity from trade payables** and other liabilities amounted to €–0.15 million (prev. year: €–7.01 million) and thus only had a minor negative effect on cash flow.

Cash flow from investing activities fell strongly by €51.08 million to €–67.92 million (prev. year: €–16.84 €). This was mainly due to investment in the GFT division and the payment in connection with the acquisition of Rule less acquired cash and cash equivalents. At €–10,56 million, capital expenditure was also above the prior-year figure (€–4.96 million). The increase resulted mainly from investments in the new administration building in Stuttgart. Whereas the proceeds from the disposal of financial investments had a positive effect on cash flow of €3.52 million in the previous year, this effect was much weaker in the reporting period and amounted to €1.58 million.

Cash flows from financing activities amounted to €42.77 million in the reporting period (prev. year: €20.86 million). The strong increase resulted almost exclusively from the assumption of external loans totalling €53.89 million made in connection with the acquisition of Rule at the end of June. By contrast, redemption payments of €–4.54 million (prev. year: €–0.19 million) and the payment to shareholders of €–6.58 million (prev. year: €–3.95 million) agreed at the Annual General Meeting of 27 May 2014 (dividend payment for the financial year 2013) resulted in a cash outflow.

2.6. Asset Position

Group balance sheet structure



All in all, the balance sheet total increased by €95.27 million as of 31 December 2014, of which the initial consolidation of Rule accounted for €53.11 million. As of 31 December 2014, the new balance sheet total stood at €301.65 million (31 December 2013: €206.38 million).

Non-current assets were up €67.97 million to €148.73 million as of 31 December 2014 (31 December 2013: €80.76 million). The increase resulted mainly from the rise in goodwill of €39.14 million due to the acquisition of Rule. Property, plant and equipment increased by €10.11 million, of which €2.00 million is attributable to Rule and the rest mainly to investments in connection with the new administration building in Stuttgart.

As of 31 December 2014, **current assets** amounted to €152.92 million and were thus €27.30 million above their year-end 2013 level (€125.62 million). This increase was mainly due to the rise in trade receivables of €35.21 million to €108.22 million (31 December 2013: €73.01 million). €23.40 million of this amount resulted from the assumption of Rule's receivables. The increase in receivables was offset by a decrease in liquid funds of €9.02 million, which was mainly in connection with the Rule acquisition. Cash and cash equivalents amounted to €38.13 million as of 31 December 2014 (31 December 2013: €47.15 million).

Equity of €100.41 million as of 31 December 2014 was €13.26 million above the corresponding figure on the balance sheet date of 31 December 2013 (€87.15 million). This change was almost exclusively due to the increase in the balance sheet profit of €10.38 million to €12.23 million as of 31 December 2014 (31 December 2013: €1.85 million). Other items were largely unchanged.

As a result of the increase in the balance sheet total and change in equity as of 31 December 2014, the **equity ratio** fell by 9 percentage points to 33% (31 December 2013: 42%).

On the **liabilities side**, there was a rise in **current liabilities** of €69.84 million to €140.61 million as of 31 December 2014 (31 December 2013: €70.77 million). This increase is mainly due to the rise in financial liabilities of €45.30 million to €46.03 million (31 December 2013: €0.73 million). This figure comprises money market loans for the Rule acquisition. An increase in other provisions of €12.10 million and in other liabilities of €9.23 million also contributed to the rise. The rise in other provisions to €41.77 million (31 December 2013: €29.67 million) comprises, amongst other things, the bonus provisions of Rule. Other liabilities rose from €15.34 million (as of 31 December 2013) to €24.57 million, whereby the major share of this increase resulted from the consolidation of the Rule units.

As of 31 December 2014, **non-current liabilities** amounted to €60.63 million and were thus up significantly on the year-end figure 2013 (€48.46 million). This rise was largely due to the increase in financial liabilities of €7.12 million to €34.13 million (31 December 2013: €27.01 million), as well as the increase in other financial liabilities to €12.64 million (year-end figure: €11.67 million). As a result of increased liabilities, the Group's debt ratio rose by 9 percentage points to 67% (prev. year: 58%).

2.7. Overall Assessment of the Development of Business and the Economic Position

The GFT Group raised its guidance for revenue and earnings several times in the financial year 2014 and exceeded expectations once again at year-end. Apart from effects from the acquisition of GFT Italia and Rule, this was mainly due to the dynamic organic growth of the GFT division. The realigned emagine division was unable to return to its expected growth path during the past year. However, earnings improved strongly. All in all, the GFT Group is highly satisfied with the development of business in its financial year 2014.

As of 31 December 2014, the GFT Group has an equity ratio of 33% (2012: 42%) and a solid capital and balance sheet structure. In the reporting period, further loan agreements were signed for a total of €45.00 million, following the €25 million promissory note loans of the preceding year. With regard to finance beyond 30 June, a syndicated loan is currently being negotiated with banks. As an alternative, finance options via longer-term capital market loans are being examined.

2.8. Non-Financial Performance Indicators

Employees
As an internationally operating technology company, skilled and motivated employees play a vital role in the success of the GFT Group. Targeted recruitment and the continuous training of our employees are essential for us to actively shape the rapid technological progress in our industry and uphold our claim of being a technology partner for our customers. We therefore focus on attracting the best employees world-wide, promoting their professional and personal development and retaining them at the company. The main increase in headcount has been at our development centres in Spain, Poland and Brazil. As an internationally aligned company, we are an attractive employer in these countries – especially for young university graduates seeking an international career.

In order to attract and develop employees, we have launched a variety of programmes and initiatives throughout the Group.

We offer attractive career opportunities and focus on the active recruitment of university graduates. We therefore cooperate with universities in Spain, Poland and Germany, including the Universitat de Barcelona, the Catalan Pompeu Fabra, the IESE Business School, the Universitat de Lleida, the University of Łódź, the Technical University of Poznan, the Cooperative State University of Baden-Württemberg in Stuttgart and in Villingen-Schwenningen, as well as Darmstadt University. The Polish development in Łódź, for example, regularly trains around 20 elite students in a special programme for interns.

Regular group-wide staff surveys provide insights on how we can improve our working environment. Individual career plans are developed during annual performance reviews and monitored continuously. A mentoring programme in the GFT division promotes the development of our employees by providing personal guidance. With a series of programmes, such as the GFT Accelerated Leadership Programme and Cross Cultural Management Training, we provide skills training for staff at various career levels in order to create the basis for further recruitment from within our own ranks. Highly skilled employees work in multinational project groups on everyday business topics. The goal is to optimise our internal processes, while promoting the participants of the respective programme.

We enhance the professional and social skills of our employees by offering individual training opportunities. For example, we have established a wide range of internal and external training opportunities specially tailored to employees in consulting, sales and project management. In addition to technical training, training in methodological skills, such as project and risk management, seminars on language and soft skills are also provided. In addition, there is an online platform for interactive e-learning, especially for technical subjects.

The GFT Group promotes the career prospects of its female executives in particular by offering coaching, internal mentoring and a women-in-management network. For all our employees, we focus on creating individual career models tailored to their specific needs and life situation. Flexible working hours and mobile working without the requirement of a permanent presence enable staff to find a suitable work-life balance. In the financial year 2014, the group-wide proportion of female employees amounted to 27% (prev. year: 30%) and the ratio of women in leadership positions was 20% (prev. year: 26%).

Headcount is calculated on the basis of full-time employees, whereby part-time staff are included on a pro rata basis. As of 31 December 2014, the GFT Group employed a total of 3,248 people (31 December 2013: 2,111). This corresponds to a year-on-year increase in headcount of 1,137 full-time staff or 54%.

At the end of the reporting period, headcount in the GFT division amounted to 3,064 (31 December 2013: 1.954). The increase of 56% results from the Rule acquisition and extensive hiring at the development centres in Spain and Brazil, in particular, due to the high level of capacity utilisation. The emagine division employed 129 people (31 December 2013: 109), corresponding to an increase of 36%. The number of staff employed by the holding company – disclosed in the Others category – rose by 15% to 55 (31 December 2013: 48). In Germany, headcount increased by 51 people or 17% to 356 (31 December 2013: 305). The number of staff employed outside Germany rose by 1,086 or 60% to 2,892 (31 December 2013: 1,806). At the end of the reporting period, 89% of the GFT Group's employees were thus located abroad (31 December 2013: 86%). Due in part to the acquisition of Rule, there was strong headcount growth in the UK and USA with increases of 178 to 227 employees and 44 to 72 employees, respectively. Due to the takeover of Rule, the GFT Group now has two development centres in Poland, where it employed 420 people at the end of the reporting period. The acquisition also means that the GFT Group is now also represented in Costa Rica and Canada.

Viewed over the year as a whole, the GFT Group had an average of 2.997 full-time employees in 2014 compared to 1,790 in 2013 – an increase of 67%.

Employees by segment

	2014	2013
GFT	3,064	1.954
emagine	129	109
Others	55	48
Total	**3,248**	**2,111**

Employees by country

	2014	2013
Spain	1,320	1,046
Italy	471	441
Poland*	420	0
Germany	356	305
Brazil	283	186
UK	227	49
USA	72	28
Costa Rica*	38	0
Switzerland	34	36
France	18	20
Canada*	9	0
Total	**3,248**	**2,111**
Foreign share in %	*89*	*86*

* *Added as a result of the Rule acquisition*

Quality management

The GFT division undertakes complex IT projects on behalf of its clients which place high demands on project management. In order to ensure a high level of quality and minimise project risks, internal processes and development work are systematically reviewed and continuously optimised on the basis of the internationally recognised Capability Maturity Model Integration (CMMI®) system as well as our own quality assurance processes. The GFT division has been applying CMMI standards at its development centres in Spain and Brazil since 2008, both for the preparation of offers and for project and quality management, in order to ensure the high-quality implementation of planned budget and deadline agreements. In June 2014, GFT's rating was re-certified according to CMMI® Level 3. The processes and development services of GFT Italia were included in the rating for the first time. Scheduled rating is conducted every three years.

The emagine division adopted the ISO 9001 quality management standard at its sites in Germany und France in 2010. The re-certification process was last conducted in 2013.

3. Subsequent Events

No events occurred after the balance sheet date as at 31 December 2014 that are of major significance.

4. Risk Report

Internal control and risk management organisation
The primary objective of the GFT Group is to achieve sustainable growth and to steadily enhance the company's value. As an internationally operating company, we are exposed to a variety of risks in our business operations. We have therefore established a group-wide risk management system which enables us to identify and analyse risks at an early stage and to take appropriate counter-measures. The system serves to recognise potential occurrences that may lead to a lasting or significant impairment of the company's financial position and performance.

By establishing the risk management system, the Executive Board ensures compliance with the relevant legislation as well as the effective management of risks. The Executive Board manages and controls the internal control and risk management organisation. In order to ensure the effectiveness of our global risk management system and enable the aggregation of risks and transparent reporting, we have implemented a consistent, integrated approach to the management of corporate risks.

The risk management system comprises a variety of control processes and control mechanisms and represents an essential element of the corporate decision-making process. It has therefore been implemented throughout the GFT Group as a fundamental component of our business processes. The main principles and the organisational structures, measurement and monitoring processes aligned to the different activities of the GFT and emagine divisions are defined in a Risk Management Guideline.

The group-wide risk management function (headed by Group Controlling) and the Risk Category Responsibles are charged with updating and implementing the Risk Management Guideline. At the same time, this group regularly updates the risk inventory and assesses risks on an annual basis. Within the central risk management system of the GFT Group, each employee has the opportunity to report escalations in risk categories, which are then measured by the Risk Category Responsibles. Due to the acquisition of Rule Financial Ltd. and related prioritisation of handling integration risks in 2014, it was not possible to drive the transition to an integrated notification system. As a result, the e-mail-based notification system continued to be used throughout 2014 and the transition to an integrated system will be completed in 2015.

On the basis of standardised reports and information flows, environment analyses and staff notifications, the Risk Category Responsibles derive the relevant recommendations for reducing or avoiding risks. These recommendations are then incorporated into the risk management system.

All Group managers are involved in the group-wide risk policy and associated reporting processes. This includes the Executive Board and the Managing Directors of Group subsidiaries, as well as those managers responsible for processes and projects.

The GFT Group's risk management system was further improved in the financial year 2014 on the basis of structures optimised in 2013. The structure of the risk inventory was further optimised and risk responsibilities divided in more detail.

Risk management system
The Risk Management Guideline adopted by the Executive Board regulates the handling of risks within the GFT Group and defines a uniform methodology valid for all areas of the Group. The guideline is regularly reviewed and adjusted as required, but at least once a year. The effectiveness of our risk management system is monitored by regular audits of the Corporate Internal Audit division. Moreover, our external auditors check every year whether our risk management system is suited to recognising existential risks at an early stage. All risks are avoided whose occurrence is quite probable and whose impact is significant as it could have a significant negative effect on the financial position and performance as well as cash flow.

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.

Risk management is mainly centrally organised, although individual responsibilities may be located locally. Risks and opportunities are regularly determined, evaluated and analysed across all hierarchy levels. The identification of risks takes place at different levels of the company. This is to ensure that risk tendencies are recognised and consistent risk management is practised across all departments. Moreover, each employee is called upon to inform their superiors about foreseeable risks and/or to report escalations in risk categories to the central risk management system of the GFT Group.

The centrally organised Risk Management Steering Committee is at the heart of the standardised risk reporting process. It coordinates the various management bodies and ensures they are provided with swift and continual information. The Risk Management 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. In addition, GFT Group's management bodies hold regular meetings in dedicated groups (mainly Global Business Committee and Group Finance Committee) in order to exchange risk-relevant information between the operative and central divisions across all levels, locations and countries.

The planning and identification of internal and external risks is carried out jointly by the Risk Category Responsibles and the business units or national companies. Depending on the estimated probability of occurrence and potential impact (such as the potential loss or damage amount), risks are classified as "high", "medium" or "low". The key risk indicators are summarised in the GFT risk inventory.

Risks are monitored in close cooperation between the Risk Category Responsibles and the department managers in the operational areas. They also jointly ensure the implementation of effective strategies to minimise risks. Risks can either be reduced by taking pro-active countermeasures or consciously accepted. The line managers are responsible for continuously monitoring the risks and the effectiveness of our countermeasures. We hedge against risks by taking out insurance cover if we consider this useful with regard to the economic benefits.

The Risk Management Steering Committee, headed by the Chief Financial Officer, receives regular reports on the status of the risk management system and its implementation in the Group's 0various divisions. Internal Audit regularly reviews aspects of the risk management system and reports to the Steering Committee, the Executive Board and the Supervisory Board.

Internal control and risk management system for consolidated accounting

The internal control and risk management system for consolidated accounting of the GFT Group is linked with the company-wide risk management system. It includes organisational and monitoring structures to ensure that business items are recorded, processed and analysed in accordance with statutory regulations and are subsequently incorporated into the consolidated financial statements according to IFRS and the annual financial statements of GFT Technologies AG pursuant to the German Commercial Code (Handelsgesetzbuch – HGB).

The accounting process of the GFT Group (including GFT Technologies AG) ensures that the full and correct amounts and disclosures are included in the instruments of external financial reporting (accounting, components of the financial statements, the Group Management Report and Management Report) and that the relevant legal and statutory requirements are fulfilled. The respective structures and processes also comprise the risk management system and internal control measures in relation to the accounting process.

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. Further important control principles in the accounting process include the "four-eye principle" and a clear separation of functions.

The Group Consolidation department transfers all relevant changes in the accounting and measurement policies to the group-wide guidelines on accounting and revenue recognition. Together with the financial reporting calendar, these guidelines form the basis for the financial reporting process. Our subsidiaries are responsible for compliance with group-wide accounting standards in their financial statements and are supported and monitored to this end by the Group Consolidation department. External service providers are used for the valuation of pension obligations, purchase price allocations in the course of company acquisitions or other complex accounting transactions. The consolidation is performed globally by the Group Consolidation department. Internal Audit performs audits of the accounts prepared by the consolidated companies.

Risk assessment

As part of the risk management system, risks are classified as "high", "medium" or "low" according to the estimated probability of occurrence and their potential impact on our business targets. The scales used to measure these indicators are presented in the tables below.

Probability of occurrence	Description
1 to 33%	more unlikely
34 to 66%	likely
67 to 99%	more likely

According to this classification, we define a "more unlikely" risk as one whose probability of occurrence is low, and a "more likely" risk as one whose occurrence can be expected within a given period of time.

The effects of these risks are classified in the groups "insignificant", "moderate" or "significant".

Effects	Description
insignificant	limited negative impact on business, financial position, earnings and cash flow
moderate	negative impact on business, financial position, earnings and cash flow
significant	considerable negative impact on business, financial position, earnings and cash flow

We classify risks as "high", "medium" or "low" according to the estimated probability of occurrence and their impact based on our business, our reputation, our financial position, earnings and cash flow.

	Effects		
Probability of occurrence	insignificant	moderate	significant
more unlikely	*l*	*l*	*m*
likely	*l*	*m*	*h*
more likely	*m*	*h*	*h*

l = low risk m = medium risk h = high risk

Risk factors

Risk areas of the GFT Group

Market risks
- Macroeconomic environment
- Financial services sector
- Competition

Operational risks
- Project risks
- Business risks
- Integration risks

Financial risks
- Liquidity risks
- Exchange rate and interest risks
- Accounting risks

Organisational risks
- Personnel risks
- Technological risks
- Legal risks

The risk positions listed below are those which we identify and monitor as part of, and with the aid of, our risk management system. These risk positions are presented in a summarised form below. In our risk management system the various risk positions are broken down into smaller elements.

The common factor for all risks presented below is that their occurrence may have a critical impact on our business, financial position, earnings and cash flow, may increase other risks described in this report, and may result in a negative deviation from our revenue and earnings targets. Each risk is classified on a scale of low, medium or high. In the section below, the risks are presented and assessed prior to the measures taken to limit risk. The measures to limit risk are also presented and assessed (gross view).

Market Risks

Macroeconomic environment
The main macroeconomic risks of the GFT Group include the overall economic situation, the general propensity to invest and price developments on the IT market. The political and economic development of the economies in our core markets has an impact on the investment behaviour of our customers. In the financial year 2014, the GFT Group generated 91% of its revenue in Europe, so that in particular the European environment is of importance to us.

Events such as a regional or global economic crisis, military conflicts or fluctuations in national currencies can have a lasting impact on demand for our solutions and services, for example due to delays in project contracts, rising credit risks of our customers, changed refinancing costs or other distortions of competition.

We prepare for the occurrence of such macroeconomic risks by taking appropriate measures such as changing our investment priorities, adjusting our portfolio of services, making organisational changes or hedging.

We estimate the probability of this risk as likely, its impact on the GFT Group can range from insignificant to significant, and in total we therefore classify this risk as high.

Financial services sector
The GFT Group has a strong focus on the financial services sector. In the financial year 2014, 75% of revenue was generated by this industry. There are risks, for example, in the form of regional or global financial crises, a loss of public confidence in banks and states, a lack of detailed regulation of financial service providers, as well as typical sector demand cycles.

These risks may adversely affect the demand of our customers in a country or a region. Events such as a regional or global economic crisis, military conflicts or fluctuations in national currencies can have a lasting impact on demand for our solutions and services, for example due to delays in project contracts, rising credit risks of our customers, changed refinancing costs or other distortions of competition.

In order to keep these market risks low, the GFT Group broadens both its client base and service portfolio in the area of its core competencies. Measures include the conclusion of long-term contracts, intensive customer support at Executive Board level, a focus on high-quality consulting services in the field of core banking applications and targeted account management.

We estimate the probability of this risk as likely, its impact on the GFT Group can range from insignificant to significant, and in total we therefore classify this risk as high.

Competition
The global market for IT services is fiercely competitive. The GFT Group must compete with a number of companies of varying size and international scope. Risks may arise, for example, from new competitors with cheaper price structures, pioneering technological innovations and changes in the organisational structures of bank with a focus on internal IT departments.

These risks may adversely affect the market shares of the GFT Group. The solution areas we occupy may be replaced by new technologies or cheaper providers.

We are working hard to meet the requirements of our 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 GFT Group's Global Production Model offers further competitive advantages. We continually monitor market developments in order to flexibly adapt our portfolio of services where necessary.

We estimate the probability of this risk as likely, its impact on the GFT Group are more moderate, and in total we therefore classify this risk as medium.

Operational Risks

Project risks
The core business of the GFT Group comprises consulting, the implementation of software solutions, and the provision of skilled specialists for our clients. Depending on the complexity of the project, the order or the solution, this may involve contractual, technical and economic risks.

As a result, delays, insufficient quality or lack of resources may lead to economic losses, compensation claims, lack of repeat business and damage to our reputation.

In order to keep such risks at a manageable level, the GFT Group employs a standardised and computer-aided bidding process in all divisions, which makes the calculated margins and potential risks transparent for all employees. The Rule units are not yet using the standardised GFT offer calculation system (Standard Offer Calculation Sheet), but the system they use is being adapted to the GFT standard. The proposal approval process (Proposal Approval Process incl. Proposal Repository) was already transferred to the GFT structure. Offers are released by defined specialists and managers at all levels of the hierarchy depending on the economic size and risk profile of the project.

Project processing includes a risk management system integrated into project management methods, which safeguards the implementation or provision of our services. The GFT division follows the internationally recognised Capability Maturity Model Integration (CMMI®) process model. Application of the CMMI® process has in the past enabled us to significantly reduce technical problems such as projects going over budget or deadlines not being met. Project and quality management have been optimised with the successfully certified further development of internal processes according to CMMI® Level 3 – as achieved by the development centres in Spain and Brazil in 2008. The process was re-certified as scheduled in 2011 and 2014. The delivery unit in Italy was included in the rating for the first time in 2014. At the time o the rating, the Rule delivery units were not yet part of the GFT Group. The corporate division Risk & Quality Management examines group-wide compliance with the CMMI® model and the implementation of risk management requirements, and reports any deviations to the responsible managers and the Executive Board.

The staff required for the completion of contracted projects are coordinated by the local staffing managers. The required capacities and technological knowledge are continuously planned and the resulting utilisation in the following months is defined on the basis of the in-house workforce and project utilisation. Any lack of capacity is offset by hiring new staff or purchasing external service providers, while foreseeable surplus capacities are counteracted by early communication to the sales department, which then steps up its sales activities. The staffing organisation is managed uniformly by a manager with global responsibility.

In the emagine division, organisation is also based on a defined and IT-supported delivery and performance process which meets the requirements of ISO 9001 (last recertification in 2013). Based on the contract detail sheet maintained by sales staff and released by a manager, projects are processed by middle office responsible (Customer Service). The search for suitable specialists draws on emagine's freelancer database, which is maintained by the Corporate Resourcing Centre for all national companies with the addition of new or updated specialist profiles.

The relevant project risks of the GFT Group are made transparent for the manager responsible by means of standardised escalations of the respective departments (Risk & Quality Management, controlling). In the course of standardised monthly reporting, the main project risks are communicated to the Executive Board which initiates additional countermeasures where appropriate.

The project business of the GFT Group is not possible without project risks – which are generally offset by project opportunities. We estimate the probability of this risk as likely, its impact on the GFT Group can be significant in certain cases, and in total we therefore classify this risk as high and employ extensive methods and processes of risk management.

Operating Risks
The GFT Group recognises that the possible economic damage caused by the infringement of patents or third-party software can result in considerable damage. Due in part to the increasingly frequent disputes between licensors and licensees, the growing relevance of patents in the field of software and the ever-increasing use of open source software, the GFT Group has established mechanisms for the preparation of bids to customers which are designed to reduce legal risks and potential damages claims in this field.

The Chief Security Officer of the GFT Group is currently responsible for examining any possible pre-existing patents. In addition, the GFT Group has introduced a technical and legal workflow which accompanies the use of open source components during bid preparation and throughout the project activities. During the bid preparation stage, any open source components which are used are checked by the project managers with regard to licensing using a matrix system; technical alternatives are discussed – where necessary – with the project managers. On the basis of this review, the use of specific open source software is possible, possible only to a limited extent, or not possible at all. This workflow is currently being introduced by the companies new to GFT following the acquisition of the Rule Group. We estimate the probability of this risk as more unlikely, its impact on the GFT Group can be significant in certain cases, and in total we therefore classify this risk as medium.

Integration Risks
In order to support our business activities and our organic growth, the GFT Group also makes company acquisitions. However, we may not be able to acquire and integrate such new businesses in an efficient manner.

The risks in this field include false assessments regarding the integration concept, potential customers, staff qualifications, management skills, or legal and warranty risks.

We deal with these risks by commissioning external experts in advance of any acquisition to assess the legal and commercial risks and the quality of the customer relationships (due diligence). Other core activities prior to an acquisition include the qualitative evaluation of the employees and managers to be transferred. The integration concept is also prepared in detail prior to any corporate acquisition on the basis of experience from previous takeovers.

We estimate the probability of this risk as likely, its impact on the GFT Group can be significant in certain cases, and in total we therefore classify this risk as high. As a consequence, company acquisitions are examined and prepared very thoroughly.

Financial Risks

Liquidity risks
The liquidity of the GFT Group ensures the ability of our group to conduct business. Local or global turbulence among banks, customers or capital markets can result in risks for our investments and receivables and thus adversely affect our liquidity position.

Such risks may arise, for example, from delayed receipt of receivables or the partial or complete loss of receivables from customers. On the investment side, capital market turbulence, rating downgrades and bank failures may lead to write-downs on our investments with an impact on earnings.

The GFT Group has a centralised financial management system with daily financial reporting. The most important objective is to ensure the defined minimum liquidity of the Group. Outstanding receivables are analysed as part of the monthly consolidated reporting process and countermeasures are initiated at an early stage. In the case of new customers, especially in emagine segment, credit checks are carried out during the bidding process. On the investment side, money is only invested with banks which have a minimum rating of “BBB”. Capital market products are also only purchased from issuers with a minimum rating of “BBB”. We pursue a conservative investment policy with a wide spread.

We estimate the probability of this risk as more unlikely, its impact on the GFT Group can be significant however, and in total we therefore classify this risk as medium.

Risks from exchange rate and interest fluctuations
As an internationally operating group of companies which prepares its accounts in euro, our operations and financial ratios may be influenced by currency and interest rate fluctuations. As all currencies must be converted into euro, exchange rate fluctuations involve risks for our financial position and performance. Our financial structure, investments and other balance sheet items are subject to interest rate fluctuations on the capital markets, which may have a negative impact on earnings, and especially on our interest result and other items of the income statement subject to discounting.

Following the acquisition of Rule, the proportion of consolidated revenue attributable to operations in foreign currencies rose to 23%. The periodic fluctuations of individual currencies can have a significant impact on the revenues and results of the GFT Group.

We continuously monitor the existing and potential additional currency risks for revenue, earnings and balance sheet items. Where required, we use financial instruments to hedge against exchange rate fluctuations. In particular, the exchange rates of the Brazilian real, the US dollar and the British pound are closely observed as they are of particular importance for us. Interest rate risks are managed by the Group’s treasury management, which uses financial instruments as required. As of 31 December 2014, the GFT Group was not using any financial instruments to hedge exchange rate or interest rate risks.

We estimate the probability of this risk as more unlikely, its impact on the GFT Group can be moderate however, and in total we therefore classify this risk as low.

Accounting risks
The GFT Group’s accounts are prepared according to IFRS regulations, as well as local accounting regulations in the national companies. Changes and new implementation guidelines on accounting policy and other standards, especially with regard to revenue recognition, can have a negative impact on our financial results.

These risks may affect the GFT Group in such a way that previously made forecasts and estimates about the future development of financial ratios can no longer be met due to changes in accounting standards, or may require retroactive adjustments, which in turn can lead to negative reactions on the capital market.

We regularly examine reform proposals for changes to accounting policies of relevance to our activities and environment. Moreover, we discuss upcoming changes in accounting standards with our auditors. Based on such latest information, we keep our accounting policies up-to-date and analyse any impact on our forecasts.

We estimate the probability of this risk as more unlikely, its impact on the GFT Group can be significant however, and in total we therefore classify this risk as medium.

Organisational Risks

Personnel risks
Highly qualified and motivated employees are a key success factor for GFT. Risks arise for us if the employees required for the implementation of the acquired projects are not available, if the technological skills of our employees do not (or no longer) satisfy market needs, or if team sizes are reduced by above-average staff turnover. In our emagine division, there is a risk that the required freelance specialists cannot be found.

The risks may lead to inadequate utilisation of our own employees and thus result in fixed costs not being covered. Staff departures may incur additional costs for personnel recruitment measures. In the emagine division, a lack of interest among freelance specialists for our projects may lead to declining customer acceptance and thus result in lower revenues.

We counter these risks by positioning ourselves as an attractive employer which seeks to retain its specialists and executives. The respective HR policy measures include attractive working conditions, personal space, attractive remuneration systems, tailored career models and extensive training. With the aid of targeted recruitment measures, we strive to attract new talent for the company and to develop our positive presence on the job market. Potential under-utilisation of our own employees is counteracted by regular and intensive utilisation management. In the case of freelancers, we seek sustainable supplier relationships with the aim of multiple repeat placements and offer attractive contractual models with flexible payment structures.

We estimate the probability of this risk as likely, its impact on the GFT Group can be moderate, and in total we therefore classify this risk as medium.

Technological risks
The GFT Group safeguards its future market success as a leader in technology and innovation by identifying technological trends early on and reacting accordingly. The short life cycles of IT systems, technologies and software solutions are a key element of our business environment. There is a risk that we may not recognise major developments, underestimate them or not apply or implement them. This would have a negative impact on the development of business and revenue.

The Group Technology & Information Office of the GFT Group observes market developments, prepares and evaluates trend analyses and coordinates research and development. The Group's own IT processes are regularly examined and adapted to new technologies. In addition, the company services and maintains its IT infrastructure to ensure efficient and reliable operation and constant availability. Numerous protective measures, such as data backups, access protection, firewalls, virus scanners and software to detect any penetration of the computer systems, all serve to protect our IT infrastructure. This is intended to guarantee operational capability and exclude unauthorised access to key data or the loss of such data as effectively as possible.

We estimate the probability of this risk as more unlikely, its impact on the GFT Group can be significant however, and in total we therefore classify this risk as medium.

Legal risks
The laws and legal requirements to be observed by the GFT Group have intensified significantly over the past years. Nevertheless, risks may arise from the fact that certain requirements of the complex regulatory environment (for example, anti-corruption laws, data protection laws) are possibly not fully adhered to or non-compliance is claimed.

The wide variety of relevant legal regulations makes it difficult to assess the risks. Despite taking extensive precautionary measures, should we not comply in full with the relevant laws or requirements, or not take adequate account of customer requirements, e.g. regarding data privacy and information security, this might lead to investigations by the supervisory authorities (even in unfounded cases), as well as liability claims, fines and the loss of customers and thus affect our business.

We regularly review new legal requirements in our business and corporate environment. Based on this latest information, we continuously keep our corporate guidelines up to date. We take the best possible care to ensure that all employees are familiar with, and comply with, our code of conduct (Business Conduct Guideline), our data protection rules and our regulations on information security. The national companies are managed according to the standards of the rules of procedure, which are regularly adapted to changing requirements.

Moreover, as a further risk-reducing measure in the field of customer relationships relating to the operating activities of the GFT and emagine divisions, master contracts drafted by our own legal department are used as far as possible. With the exception of companies belonging to the GFT division in Italy, any deviations from the standards and the clients' own contracts are checked and negotiated by the GFT Group's legal department. These measures ensure that liability risks associated with the contracts (for example, warranties or industrial property rights) are regulated in a clear and transparent way and limited to a reasonable amount. The companies belonging to the GFT division in Italy are supported by external lawyers. Contractual provisions that go beyond the general requirements of the GFT Group, such as the assumption of unlimited liability or the agreement of excessive penalties, require the additional approval of the Executive Board of GFT Technologies AG.

We estimate the probability of this risk as more unlikely, its impact on the GFT Group can be significant however, and in total we therefore classify this risk as medium.

Overall Risk Assessment

At the time of preparing this report, there are no recognisable risks that might jeopardise the 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.

5. Opportunity Report

Opportunity management
The GFT Group operates as an international provider of IT services and an agent for skilled professionals in a dynamic market environment in which opportunities regularly emerge. Systematically identifying and exploiting such opportunities – while avoiding unnecessary risks – is a key factor for the sustainable development of our company. Opportunities are generally also associated with risks, which we carefully manage by linking opportunity and risk management.

In our opportunity management system, we assess the relevant market and competitive analyses as well as industry studies and consider the alignment of our portfolio, our cost drivers and the critical success factors in our industry. In this way, we derive the specific opportunities in our target markets which the Executive Board then takes into account in its business planning and the agreement of personal targets with operational management. Our goal is to create an added value for our shareholders by analysing market opportunities and taking calculable risks.

We have a solid control and communication structure that enables us to identify potential opportunities, to assess the necessary investments and thus to pursue the associated risks. Those opportunities which are likely to occur have been added to our business plans, our outlook for 2015 and our medium-term prospects, as set out in this Management Report. The following section focuses on trends or events which deviate from these expectations and which might lead to a positive deviation from our outlook and our medium-term prospects. In this connection, we attach greater importance to the opportunities from our international production centres and client relationships.

Opportunities from the economic environment
Economic conditions have an impact on our business, financial position, earnings and cash flow. Our outlook for 2015 and our medium-term prospects are based on the expectation that future economic conditions comply with our presentation in the Forecast Report of this Management Report. Should the global economy and/or our target industries perform better than presented in this outlook, our revenue and results may exceed our current guidance and medium-term prospects.

We expect continued growth from existing customers in our GFT division, especially in investment banking, as well as rising sales with new customers, especially in Europe. In our emagine division, we expect growth in our new client business and in the field of engineer services. Should these markets develop faster than currently expected, this could have a positive effect on our revenue, earnings and cash flow.

Opportunities from research and development
As a service company, we focus closely on the needs of our customers. Additional potential may result from our innovative development services which are accepted and used by our customers. The continuation of our growth strategy depends on the ability to anticipate the needs of our customers, to offer tailored services and solutions, and to implement them with a high degree of quality. In addition to our own development work, we integrate reliable technologies from our partners into our solutions. Should solutions be adopted by clients to a greater extent than currently expected, this may have a positive effect on revenue, earnings and cash flow, thus causing us to exceed our guidance and medium-term prospects.

Opportunities from our personnel
Our employees are our innovation drivers, the source of added value for our customers and the driving force behind the sustained growth and profitability of our company. In 2014, the GFT Group's work force grew by 1,137 employees due to the hiring of new staff and a company acquisition. This enabled us to take advantage of the prevailing growth opportunities.

We assume that by continuously improving methods and processes, ensuring international team structures and providing regular training, the productivity of our employees will steadily increase. Should we make better progress with these methods and measures than currently expected, or should new employees be integrated into the production process more quickly than planned, this will have a positive effect on revenue, earnings and cash flow, thus causing us to exceed our guidance and medium-term prospects.

Opportunities from international production centres
The services of the GFT Group are rendered by freelance professionals and the company's own employees. Our own staff work either in the immediate vicinity of customers or carry out their work in one of our international production centres. In the case of the latter, services are provided across borders and at attractive cost rates – mainly from Spain and Poland for Europe, and from Brazil and Costa Rica for the US market.

We permanently optimise our international production centres with the aim of maintaining an efficient and cost-effective global delivery network. We plan to hire further staff at our major locations, which will leverage additional economies of scale and increase our per capita earnings. Should these economies of scale develop faster than currently expected, this may have a positive effect on revenue, earnings and cash flow, thus causing us to exceed our guidance and medium-term prospects.

Opportunities from customer relationships
A major share of the GFT Group's added value is generated by providing IT services for the financial services industry. Its portfolio of services and solutions is marketed accorded to regions and customer segments. We focus mainly on those regions and customers with the highest spending on services and with the greatest business and revenue potential. Services are delivered to our clients either locally in the customer's country or across borders from one of our international production centres.

We invest in the development of our sales network in order to support existing customers globally and to tap new customers in high-growth markets. In addition, we systematise local specialisations and market these competencies across borders to customers in all sales regions (cross-selling).

We will continue to actively seek opportunities in our sales structure in order to increase the added value for our customers more strongly than currently expected. Should these opportunities develop faster than currently expected, this may have a positive effect on revenue, earnings and cash flow, thus causing us to exceed our guidance and medium-term prospects.

6. Takeover-Relevant Information

Remuneration system and takeover-relevant information

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

Executive Board: In the financial year 2014, the remuneration for members of the Executive Board is composed of fixed and variable compensation components. The fixed compensation component is paid in monthly amounts while the performance-based, variable components are one-off payments. Furthermore, the respective remuneration comprises the costs, or the monetary value, of non-cash benefits and other fringe benefits, as well as the private use of company cars, rented housing for business purposes, premiums for adequate accident insurance, and contributions to pension insurance and health insurance in the usual amounts, including any taxes assumed. There are currently no stock option programmes or similar securities-based incentive systems. No members of the Executive Board have been granted loans or advances by the company or an affiliated company.

The first variable component is linked to the attainment of targets for the profit ratio "consolidated EBT" (*earnings before taxes*) and the achievement of individually agreed personal targets for the financial year agreed individually with the Supervisory Board for each member of the Executive Board. In the amended version in force since August 2009, sec. 87 AktG stipulates that variable remuneration components must always be based on a multi-year assessment and that both positive and negative developments should be considered. GFT AG takes this regulation into account by including a corresponding second variable component. This remuneration component builds on the multi-year development of the relationship between EBT and revenue at Group level. All variable remuneration amounts are capped.

No special limitation of payments to Executive Board members in the event of premature termination without cause has been agreed. The legal regulations therefore apply in such cases.

The contractual arrangements in the event of a change of control are explained in the section Disclosures pursuant to sec. 315 (4) HGB, "Compensation agreements with Executive Board members in the event of a change of control (no. 9)" presented below.

During the past financial year, total remuneration for members of the Executive Board amounted to €2.61 million (previous year: €2.68 million). On 20 May 2010, the Annual General Meeting of GFT AG resolved that the remuneration for individual Executive Board members should not be disclosed (Opting Out). In this respect, we are retaining our reporting structure to date. There is therefore no presentation in model tables as provided in the appendix of the German Corporate Governance Code.

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 received compensation of €13 thousand in the financial year 2014. The Chairman received twice this amount, and his deputy 1.5 times the amount. During the past financial year, remuneration for members of the Supervisory Board totalled €98 thousand (previous year: €83 thousand). Additional benefits or remuneration for personal services rendered, in particular for consulting and referral services, were not granted. There are also no stock option programmes or similar securities-oriented incentive systems in place for the Supervisory Board. No members of the Supervisory Board have been granted loans by the company or an affiliated company.

Other disclosures
The company takes out D&O insurance for members of the GFT Group's executive bodies. It is concluded, and where appropriate, renewed annually. The insurance policy covers the personal liability risk in the event of claims for financial losses due to activities. The policy includes a deductible for members of the Executive Board.

Disclosures pursuant to sec. 315 (4) HGB

Structure of the share capital (No. 1):

As of 31 December 2014, 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 (AktG), especially secs. 12, 53a ff. and 118 AktG.

Restrictions on voting rights or the transfer of shares (No. 2):

Sec. 136 AktG excludes voting rights for the affected shares in the specified cases. We are not otherwise aware of any restrictions affecting voting rights or the transfer of shares.

Shareholdings exceeding 10 per cent of the voting rights (No. 3):

As at 31 December 2014, the company is aware of the following direct equity participations that exceed ten per cent of the voting rights: Mr Ulrich Dietz (Chairman of the Executive Board), Germany, holds 28.1% of GFT shares (previous year: 28.1%).

Shares with special control rights (No. 4):

There are no shares with special rights which confer control.

System of control over voting rights when employees' own shares and their control rights are not exercised directly (No. 5):

We are not aware of any employees who hold shares and do not exercise their control rights.

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 recommends further principles concerning the appointment of members in section 5.1.2. These regulations and recommendations 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 of the German Stock Corporation Act. Reference is made to these provisions. The General Meeting can assign the authority to amend the Articles of Association to the Supervisory Board in so far as such amendments merely relate to the wording. This is allowed by the company through the provisions in section 21 (1) of the Articles of Association.

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

Authorised capital:

Pursuant to section 4 (5) of the Articles of Association, the Executive Board is authorised until 30 May 2016 to increase the company's share capital, with the approval of the Supervisory Board, by up to €10,000,000.00 through a one-time-only or repeated issuance of bearer shares, against cash contributions and/or contributions in kind (Authorised Capital). The Executive Board can decide on the exclusion of shareholder 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. This specifies that subscription rights can be excluded (1) to remove fractional amounts from subscription rights, (2) in the case of capital increases for contribution in kind for the granting of shares for the purpose of acquiring companies or interests in companies, (3) in the case of a capital increase for cash contribution if the issue price of the new shares is not significantly lower than the stock exchange price and the total prorated amount of share capital attributable to the new shares, for which subscription rights are excluded, does not exceed 10 per cent of share capital, neither on the effective date or at the time of exercising this authorisation, and (4) in the case of a capital increase for the issue of employee shares if the total prorated amount of share capital attributable to the new shares, for which subscription rights are excluded, does not exceed 10 per cent of share capital, neither on the effective date or at the time of exercising this authorisation. The Executive Board is authorised, with the approval of the Supervisory Board, to determine further details regarding the implementation of capital increases from Authorised Capital.

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, with the approval of the Supervisory Board, to determine the further specifics in connection with the issuance of shares under this contingency.

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.

In these cases, the acquisition rights of shareholders are excluded and the selling price of a company share (excluding transaction costs) may not be significantly lower than the average price of the share in Xetra trading (or a comparable successor system) on the last five trading days prior to the sale of own shares or before the date on which contract for the sale of own shares is concluded.

The Executive Board was also authorised, with the approval of the Supervisory Board, to cancel own shares without any further resolution of the Annual General Meeting. The authorisation to cancel shares may be exercised in whole or in part. Cancellation results in a capital reduction. Contrary to the aforementioned, the Executive Board may determine that share capital is not reduced, but that the proportion of the remaining shares in the share capital is increased pursuant to sec. 8 (3) AktG. In this case, the Executive Board is authorised to adjust the number of shares issued in the Articles of Association.

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.

Material agreements of the parent company conditional to a change of control following a takeover bid (No. 8):

GFT AG has signed several promissory note agreements totalling €25 million which grant termination rights to the lender in the event that, without prior consent of the respective lender, a person or a group of people who have coordinated their actions, or persons acting on behalf of such persons (with the exception of those defined "Permitted Owners" defined below) directly or indirectly acquire, at any time, control of more than 50% of the voting capital of GFT AG. The term "Permitted Owners" refers to (i) the spouses Ulrich and Maria Dietz and their offspring, as well as (ii) persons acting on behalf of one or more of the aforementioned persons.

GFT AG provides services under a master agreement with Deutsche Bank AG, which grants Deutsche Bank AG the right to terminate the master agreement and the attendant separate agreements in the case that (i) a competitor of Deutsche Bank AG buys shares in GFT AG to the extent that the competitor is able to assume decisive positions within GFT AG or (ii) a person who is listed in the embargo list of Deutsche Bank AG holds half or more of the shares in GFT AG or gains control over the business of GFT AG.

In the service contracts with its Executive Board members, the company has granted the latter special termination rights in the event of a change of control. Further details are provided in the explanations below.

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. The term "change of control" is defined contractually. A change of control exists after the purchase of a minimum of 30% of voting rights in a company, by a third party or by several third parties acting together. 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.

7. Forecast Report

Macroeconomic development
According to the expectations of economic experts, the global economy will continue its recovery in 2015 – albeit at differing speeds in various regions. Whereas the economic outlook for the USA continues to improve, the IMF's latest report from January 2015 forecasts slower growth for China, Russia, Japan and the eurozone. The positive growth effects that might result from falling oil prices may thus be insufficient to compensate for weaker growth in these countries. All in all, global growth is now expected to be slower in 2015 than anticipated in October 2014. The IMF forecasts growth of 3.5% for 2015; while for 2016, it expects global economic output to grow by 3.7%.

The IMF's experts also anticipate less dynamic growth in the eurozone in the current year than assumed in 2014. The IMF forecasts growth of 1.2% for 2015 and 1.4% for 2016. The ECB expects annual real GDP in the eurozone to increase by 1.0% in 2015 and by 1.5% in 2016. Experts believe that low oil prices are likely to prompt long-term growth. The lack of progress in the structural reforms of eurozone countries, however, is seen as a risk by the ECB. In particular, sluggish growth coupled with high geopolitical risks may have a negative impact on trust and private investment.

According to the IMF, economic output in Germany will grow by 1.3% in 2015 and by 1.5% in 2016. In its autumn report, Germany's Council of Economic Experts forecasts a more modest economic trend and expects an increase in GDP of 1.0%.

Sector development
According to the latest analysis of the US market research firm Gartner published in January 2015, global IT spending will grow by 3.7% in 2015 – corresponding to a year-on-year increase of 0.5 percentage points. IT spending in Western Europe is likely to rise by around 1.3% in 2015. Gartner expects global spending on IT services to increase by 3.9%. For the period 2012 to 2018, the market research firm believes that global IT spending will reach an average annual growth rate of 3.2%.

According to an economic survey of the high-tech association BITKOM published in December 2014, the German IT market is expected to grow by 2.4% to €79.7 billion in 2015. Information technology will thus grow much more strongly than the overall economy and continue to underpin growth of the German ICT market as a whole. According to BITKOM, revenue generated with IT services will increase by 3.0% to €37.4 billion. The association believes this growth will be driven in part by strong demand in the field of big data and cloud computing. The results of BITKOM's economic survey in January 2015 also underline the upbeat mood of Germany's ICT industry: 85% of ICT companies expect rising sales in the full-year 2015 while 86% of IT service providers anticipate revenue growth. The most important high-tech topics of 2015 are likely to be cloud computing, IT security, big data analytics, Industry 4.0 and mobile computing.

Expected development of the GFT Group
The GFT Group expects a further positive development of its business in 2015 and is confident that it will once again display much stronger growth than the global economy and the IT industry.

This forecast takes account of both divisions, GFT and emagine, and assumes a continuation of the emagine division. In the fourth quarter of 2014, the GFT Group began to evaluate the strategic options for its emagine division and commissioned an investment bank to sound out potential investors.

The **GFT division** focuses on providing IT services for the financial sector. As a result of falling margins, this customer segment is exposed to rising cost pressure which is limiting its IT budgets. However, growing compliance requirements and new market participants who are increasingly occupying parts of the value chain require investment in technological innovations in order to remain compliant and competitive. Banks are therefore faced with the challenge of reducing costs for operation, maintenance and adaptation of their core systems in order to earmark a larger share of their IT budget for the implementation of compliance requirements and the modernization of their business models. This is expected to result in numerous growth opportunities for the GFT division in future.

It is expected that banks will increasingly transfer expenses for the operation of their IT systems to specialised, cost-effective service providers (keyword outsourcing). GFT has many years of experience in the maintenance and further development of business-critical applications for major financial institutions and offers these services via an efficient Global Delivery Model with significant cost advantages over local providers. Following the acquisition of Rule, this delivery model – with its main axes in Spain for the European market and Brazil for the US market – has been further enhanced with the addition of development centres in Poland and Costa Rica.

The growing regulatory requirements which resulted from the financial crisis affect the entire banking sector, and in particular investment banks due to their high complexity. We assume that banks will continue to increase their budgets for adjustments to these regulations in the coming years in order to comply with the new legal framework. With the acquisition of Rule, we have significantly strengthened our consulting expertise, our range of services, and our presence in the major financial hubs of the UK and USA, while also greatly expanding our client portfolio in investment banking.

Competition from new market entrants has increased significantly for commercial banks, especially in the retail business. The innovative digital business models of these new entrants occupy lucrative sections of the classic value chain of established banks, such as transfers, credit facilities and investment advice. Banks are therefore expected to realign their strategies and operations in these areas in order to address these risks and successfully exploit the opportunities offered by digitisation. GFT has developed a number of innovative solutions which are already being successfully used – such as the digital wallet in Italy and Personal Finance Management solutions. At CeBIT 2015 GFT also presented concepts which go beyond this and enable banks to offer a digital customer-focused infrastructure.

Specialising in the staffing of technology projects, the **emagine division** was strategically realigned in 2013. The sales organisation now focuses more on selected target markets and we expanded the previous focus area of placing IT professionals to include the field of engineering. Despite a sideways development of revenue in 2014, there was a significant improvement in margins. emagine is a low-risk business with good medium-term growth prospects. The achievable margins, however, are well below those of the GFT division. Moreover, the expected synergies between the two divisions could not be achieved to a satisfactory extent. In the fourth quarter of 2014, the Executive Board therefore decided to focus more strongly on the core competencies of the GFT segment and is examining the strategic options for the emagine division. Under consideration of these possible options, we have included emagine in the forecast and expect this division to achieve revenue on a par with the previous year as well as comparable margins.

Operating targets for 2015

From the current perspective, the Executive Board has issued the following guidance for the financial year 2015:

- We expect consolidated revenue of €425 million for the full year 2015.
- Moreover, we anticipate earnings before interest, taxes, depreciation and amortisation (EBITDA) of €44 million for the full year 2015.
- Pre-tax earnings (EBT) for the financial year 2015 are expected to reach €31 million.
- The productive utilisation rate of the GFT division is expected to remain at the high prior-year rate (89%)

Medium-term prospects

The medium-term forecast for 2015 stated in our Annual Report 2013 (revenue of around €400 million with an EBT margin of around 7%) is exceeded by the annual forecast for 2015 stated here. We will continue to make every effort to drive the strategic development of the GFT Group as a global technology partner for future digital issues in order to achieve sustainable and profitable growth also in the years ahead.

Assumptions for the forecasts

Our forecasts are based on the above assumptions regarding overall economic development and the development of the financial services sector and IT industry. These forecasts take account of all events known at the time of preparing this report that might have an impact on the performance of the GFT Group.

Overall statement on the expected development

The Executive Board expects the GFT Group to continue its positive development in the financial year 2015. We believe that rising cost and competitive pressure in the banking sector and the growth in regulatory requirements will offer numerous growth opportunities for our GFT division. In the emagine division, we expect revenue to be on a par with the previous year with comparable margins.

Stuttgart, 24 March 2015

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 Financial Statements acc. to IFRS

2.3

Consolidated Financial Statements acc. to IFRS

GFT Technologies AG
as at 31 December 2014

¬ CONSOLIDATED BALANCE SHEET

as at 31 December 2014,
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	31/12/2014 €	31/12/2013 €
Non-current assets			
Licences, industrial property rights and similar rights	7	27,280,732.43	8,780,545.41
Goodwill	7	98,571,580.50	59,429,704.66
Property, plant and equipment	8	17,779,622.81	7,665,613.80
Securities	9	121,180.18	119,814.34
Financial assets, accounted for using the equity method	9	8,666.63	20,851.67
Other financial assets	10	764,895.66	540,978.78
Current tax assets	11	204,026.33	309,619.63
Deferred tax assets	11	4,001,538.31	3,893,629.92
		148,732,242.85	**80,760,758.21**
Current assets			
Inventories and trade receivables	12	108,215,841.61	73,009,844.36
Securities	13	0.00	1,354,000.00
Current tax assets	11	1,283,262.87	1,337,703.97
Cash and cash equivalents	13	38,128,720.78	47,148,865.32
Other financial assets	10	1,023,220.69	811,961.43
Other assets	10	4,270,122.81	1,954,099.85
		152,921,168.75	**125,616,474.93**
		301,653,411.60	**206,377,233.14**

¬ CONSOLIDATED BALANCE SHEET

as at 31 December 2014
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	31/12/2014 €	31/12/2013 €
Shareholders' equity			
Share capital	14	26,325,946.00	26,325,946.00
Capital reserve	14	42,147,782.15	42,147,782.15
Retained earnings	14		
¬ Other retained earnings		22,243,349.97	19,243,349.97
¬ Changes not affecting net income		–1,753,204.02	–784,097.50
Changes in equity not affecting net income			
¬ Actuarial gains/losses		–2,125,673.79	–1,732,598.30
¬ Foreign currency translations	14	1,348,211.87	58,108.16
¬ Reserve of market assessment for securities	14	0.00	37,584.00
Consolidated balance sheet profit/loss	14	12,225,392.90	1,852,108.32
		100,411,805.08	**87,148,182.80**
Liabilities			
Non-current liabilities			
Other financial liabilities	18	12,642,117.94	11,673,011.42
Financial liabilities	31	34,130,876.08	27,006,446.36
Provisions for pensions	15	7,291,304.32	6,380,387.83
Other provisions	16	681,764.84	659,758.86
Deferred tax liabilities	11	5,881,800.20	2,740,334.00
		60,627,863.38	**48,459,938.47**
Current liabilities			
Other provisions	16	41,766,324.17	29,665,678.32
Current income tax liabilities	11	3,837,294.97	1,999,161.86
Financial liabilities	31	46,031,729.79	732,332.74
Trade payables	17	20,794,829.67	21,779,772.02
Other financial liabilities	18	3,613,869.39	1,250,409.99
Other liabilities	18	24,569,695.15	15,341,756.94
		140,613,743.14	**70,769,111.87**
		301,653,411.60	**206,377,233.14**

¬ CONSOLIDATED INCOME STATEMENT

for the period from 1 January 2014 to 31 December 2014,
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	2014 €	2013 €
Revenue	20	365,319,506.55	264,285,125.63
Other operating income	21	4,250,889.89	4,317,435.99
		369,570,396.44	**268,602,561.62**
Cost of purchased services	22	125,130,197.54	108,558,702.15
Personnel expenses:			
a) Salaries and wages	23	136,778,874.91	91,767,533.58
b) Social security and expenditures for retirement pensions	15, 23	28,320,609.48	18,914,657.67
		165,099,484.39	**110,682,191.25**
Depreciation on intangible assets and of tangible assets	24	6,558,584.21	2,838,501.19
Other operating expenses	25	44,686,377.86	28,753,821.60
Result from operating activities		**28,095,752.44**	**17,769,345.43**
Other interest and similar income	27	358,645.33	435,266.56
Financial assets, accounted for using the equity method	9	–12,185.04	–9,339.65
Depreciation on securities	9, 27	0.00	105,430.88
Interest and similar expenses	27	1,374,175.38	571,000.23
Financial result		–1,027,715.09	–250,504.20
Earnings before taxes		**27,068,037.35**	**17,518,841.23**
Taxes on income and earnings	11	7,113,265.51	3,890,493.78
Net Income		**19,954,771.84**	**13,628,347.45**
Loss carried forward from previous year		–4,729,378.94	–7,776,239.13
Allocations to other retained earnings	14	–3,000,000.00	–4,000,000.00
Consolidated balance sheet profit/loss		**12,225,392.90**	**1,852,108.32**
Net earnings per share – undiluted	30	0.76	0.52
Net earnings per share – diluted	30	0.76	0.52

¬ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2014 to 31 December 2014,
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	2014 €	2013 €
Net income		**19,954,771.84**	**13,628,347.45**
A.) Components never reclassifi ed to the income statement			
¬ Actuarial gains/losses	15	–542,118.75	219,738.92
¬ Income taxes on components of other comprehensive income		149,043.26	–60,904.83
Other (partial) result A.)		**–393,075.49**	**158,834.09**
B.) Components that can be reclassified to the income statement Financial assets available for sale (securities)			
¬ Change of fair value recognised in other result during the financial year	31	–52,200.00	454,420.95
¬ Reclassification amounts to the income statement	31	0.00	81,895.21
		–52,200.00	**536,316.16**
Exchange differences on translating foreign operations: Profits/losses during the financial year	19	1,290,103.71	–520,834.94
		1,290,103.71	**–520,834.94**
Income taxes on components of other result	11	14,616.00	–134,909.21
Other (partial) result B.)		**1,252,519.71**	**–119,427.99**
Other result		859,444.22	39,406.10
Total result		**20,814,216.06**	**13,667,753.55**

¬ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 December 2014,
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	Subscribed capital €	Capital reserve €	Retained earnings €
				Other retained earnings
As at 01/01/2013	14	**26,325,946.00**	**42,147,782.15**	**15,243,349.97**
Dividend payment May 2013	14			
Dividend to minority shareholders				
Discounting of the conditional purchase price liability	3			
Allocations to retained earnings 2013				4,000,000.00
Comprehensive income for the period 01.01.-31.12.2013				
As at 31/12/2013		**26,325,946.00**	**42,147,782.15**	**19,243,349.97**
As at 01/01/2014		**26,325,946.00**	**42,147,782.15**	**19,243,349.97**
Dividend payment May 2014	14			
Dividend to minority shareholders				
Discounting of the conditional purchase price liability	3			
Transfers to retained earnings 2014				3,000,000.00
Comprehensive income for the period 01.01.-31.12.2014				
As at 31/12/2014		**26,325,946.00**	**42,147,782.15**	**22,243,349.97**

1 Net income

Retained earnings €	Other results €			Consolidated balance sheet profit/loss €	Total share capital €
Changes without effect on profit/loss	Foreign currency translations	Market assessment for securities	Actuarial gains/losses	Profit (+) Loss (–)	
0.00	**578,943.10**	**–363,822.95**	**–1,891,432.39**	**–3,827,347.23**	**78,213,418.65**
				–3,948,891.90	–3,948,891.90
–573,245.00					–573,245.00
–210,852.50					–210,852.50
				–4,000,000.00	0.00
	–520,834.94	401,406.95	158,834.09	13,628,347.45 [1]	13,667,753.55
–784,097.50	**58,108.16**	**37,584.00**	**–1,732,598.30**	**1,852,108.32**	**87,148,182.80**
–784,097.50	**58,108.16**	**37,584.00**	**–1,732,598.30**	**1,852,108.32**	**87,148,182.80**
				–6,581,487.26	–6,581,487.26
–536,231.00					–536,231.00
–432,875.52					–432,875.52
				–3,000,000.00	0.00
0.00	1,290,103.71	–37,584.00	–393,075.49	19,954,771.84 [1]	20,814,216.06
–1,753,204.02	**1,348,211.87**	**0.00**	**–2,125,673.79**	**12,225,392.90**	**100,411,805.08**

¬ CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 December 2014,
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	2014 €	2013 €
Net income		19,954,771.84	13,628,347.45
Taxes on income and earnings	11	7,113,265.51	3,890,493.78
Interest income		1,015,530.05	135,733.67
Interest paid		–1,228,408.42	–127,856.66
Income taxes paid		–8,151,606.50	–2,091,289.38
Depreciation on tangible and intangible assets	8	6,558,584.21	2,838,501.19
Changes in provisions		5,099,427.91	5,692,068.96
Other non-cash expenses/income		715,961.21	–361,311.72
Profit from the disposal of tangible and intangible assets as well as financial assets		–263,833.70	–24,305.35
Changes in trade receivables		–17,851,205.94	–13,793,339.96
Changes in other assets		2,392,447.90	4,662,095.84
Changes in trade liabilities and other liabilities		–149,729.24	–7,009,571.25
Cash flow from operating activities	29	**15,205,204.83**	**7,439,566.57**
Cash receipts from sales of financial assets		772.37	7,200.00
Cash payments to acquire financial assets	8	–10,559,426.35	–4,957,258.47
Cash payments to acquire non-current intangible assets	8	–699,327.97	–534,278.44
Cash receipts from sales of financial assets		1,578,253.70	3,517,950.00
Cash payments to acquire consolidated companies net of cash and cash equivalents acquired		–58,721,941.41	–15,254,260.79
Cash receipts from the acquisition of consolidated companies		250,000.00	0.00
Interest received		231,011.11	384,332.78
Cash flow from investing activities	29	**–67,920,658.55**	**–16,836,314.92**
Cash receipts from taking out short-term or long-term loans	31	53,888,047.27	25,000,000.00
Cash payments to redeem short-term or long-term loans		–4,539,844.19	–191,965.62
Payments to shareholders	14	–6,581,487.26	–3,948,891.90
Cash flow from financing activities	29	**42,766,715.82**	**20,859,142.48**
Influence of exchange rate fluctuations on cash and cash equivalents		928,593.36	–225,315.37
Change in cash funds from cash-relevant transactions		–9,020,144.54	11,237,078.76
Cash funds at the beginning of the period	29	47,148,865.32	35,911,786.56
Cash funds at the end of the period	29	**38,128,720.78**	**47,148,865.32**

Notes to the consolidated financial statements

as of 31 December 2014
GFT Technologies Aktiengesellschaft, Stuttgart

¬ PRINCIPLES AND METHODS

1. General information

The consolidated financial statements of GFT Technologies Aktiengesellschaft ("GFT AG") as of 31 December 2014 have been drawn up in application of Section 315a of the German Commercial Code (HGB), 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 of 31 December 2014 are consistent with those IFRSs which must be applied in the EU and which were mandatory as of the end of the reporting period.

The consolidated financial statements have been prepared in euro ("€"). Note is made of any amounts which have been rounded to thousand euros ("€ thousand") or million euros ("€ million"). The income statement was prepared using the "nature of costs method". The consolidated financial statements were prepared by the Executive Board of GFT AG on 24 March 2015 and adopted by the Supervisory Board on 24 March 2015.

GFT is an international provider of innovative IT solutions with operations in the GFT and emagine divisions. GFT AG is registered in Germany in the legal form of a public limited company ("Aktiengesellschaft") with headquarters at Schelmenwasenstrasse 34, 70567 Stuttgart. GFT AG is a listed company and the ultimate parent company of the GFT Group. Its shares are traded on Germany's main stock exchanges.

2. Effects of new or changed accounting standards

Accounting standards applied for the first time in the fiscal year 2014
The following presents those pronouncements and amendments released by the IASB for initial application in financial year 2014.

IFRS 10 Consolidated Financial Statements
This standard comprehensively redefines the term "control". If an entity controls another entity, the parent must consolidate the subsidiary. According to the new concept, control is defined as being when the potential parent has power over the potential subsidiary due to voting rights or other rights, may participate in positive or negative returns of the subsidiary and can affect these returns through its decisions.

The change has no material impact on the consolidated financial statements of GFT AG.

IFRS 11 Joint Arrangements
IFRS 11 governs the new accounting treatment of joint arrangements. Under the new concept it must be decided whether there is a joint operation or a joint venture. A joint operation exists if the parties with joint control have direct rights to the assets and obligations for the liabilities. The individual rights and obligations are recognised proportionately in the consolidated financial statements. In a joint venture, however, the parties with joint control have rights to the net assets. This right is reflected by applying the equity method in the consolidated financial statements. The option to choose proportionate consolidation in the consolidated financial statements therefore no longer applies.

The change has no material impact on the consolidated financial statements of GFT AG.

IFRS 12 Disclosures of Interests in Other Entities
This standard governs the disclosure requirements regarding interests in other entities. The required disclosures are considerably more extensive than the previous disclosure requirements under IAS 27, IAS 28 and IAS 31.

The GFT Group has complied with the extended disclosure requirements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance
These amendments clarify and simplify the transition to IFRS 10, IFRS 11 and IFRS 12. Thus adjusted comparative information is only required for the prior comparative period. In addition, there is no longer a requirement to disclose comparative information for periods prior to initial application of IFRS 12 for non-consolidated structured entities.

The change has no material impact on the consolidated financial statements of GFT AG.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Companies
The amendments include a definition of terms for investment companies and remove such companies from the scope of IFRS 10. As a result, investment companies do not consolidate the companies they control in their IFRS consolidated financial statements; this exception to the general principles is not to be understood as an option. Instead of full consolidation, they measure participating interests held for investment purposes at fair value and recognise periodic changes in value through profit or loss.

The changes have no impact on consolidated financial statements that include investment companies, unless the parent company itself is an investment company. Consequently, the amendment has no material impact on the consolidated financial statements of GFT AG.

IAS 27 Separate Financial Statements
(Amendments May 2011)
In conjunction with the approval of IFRS 10, the rules relating to the control principle and the requirements for preparing consolidated financial statements have been removed from IAS 27 and are now dealt with by IFRS 10 (see comments on IFRS 10). The overall effect is that IAS 27 now only contains requirements regarding accounting for subsidiaries, joint ventures and associated companies in separate IFRS financial statements.

The change has no material impact on the consolidated financial statements of GFT AG.

IAS 28 Investments in Associates and Joint Ventures
(Amendments May 2011)
In the course of adopting IFRS 11, adjustments were also made to IAS 28. As in the past, IAS 28 regulates the application of the equity method. The adoption of IFRS 11, however, has considerably expanded the scope of application as not only investments in associates but also in joint ventures must now be measured according to the equity method (see IFRS 11). Thus it is no longer possible to consolidate joint ventures proportionately.

A further change involves the accounting treatment under IFRS 5 when only a portion of an investment in an associate or a joint venture is to be sold: IFRS 5 is to be applied to the portion that is to be sold while the other (remaining) portion is still accounted for according to the equity method until the first portion is sold.

The change has no material impact on the consolidated financial statements of GFT AG.

IAS 32 Financial Instruments: Presentation
(Amendments December 2011)
The amendment to IAS 32 clarifies which requirements there are for offsetting financial instruments. The amendment explains the significance of the current right to set off amounts and clarifies which procedures with gross settlement as net settlement can be considered in terms of the standard.

The change has no material impact on the consolidated financial statements of GFT AG.

IAS 36 Impairment of Assets
(*Amendments May 2013)*
In the course of developing a consequential amendment to IFRS 13, a new mandatory disclosure on goodwill impairment testing as defined in IAS 36 was introduced: the recoverable amount of a cash-generating unit was to be disclosed, irrespective of whether an impairment was actually performed. As this mandatory disclosure was unintentionally introduced, it was eliminated for 2014 in the amendment issued in May 2013.

However, the amendment introduces additional disclosures if an impairment actually was performed and the recoverable amount was determined on the basis of fair value.

The GFT Group has complied with the disclosure requirements in accordance with the amendment.

IAS 39 Financial Instruments: Recognition and Measurement
(Amendments June 2013)

As a result of this amendment, and if specific conditions have been met, derivatives will continue to be designated as hedging instruments in ongoing hedging relationships despite a novation of a hedging instrument to a central counterparty arising as a consequence of laws or regulations.

The change has no material impact on the consolidated financial statements of GFT AG.

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 the GFT Group in the financial year 2014, as permitted.

Standard/Interpretation		Applicable to financial years from	Planned first application by GFT from
IFRIC 21	Levies [1]	17 June 2014	1 January 2015
	Improvements to IFRS (2011-2013) [1]		
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 January 2015	1 January 2015
IFRS 3	Business Combinations	1 January 2015	1 January 2015
IFRS 13	Fair Value Measurement	1 January 2015	1 January 2015
IAS 40	Investment Property	1 January 2015	1 January 2015
IAS 19	Employee Benefits [1]	1 February 2015	1 January 2016
	Improvements to IFRS (2010-2012) [1]		
IFRS 2	Share-based Payment	1 February 2015	1 January 2016
IFRS 3	Business Combinations	1 February 2015	1 January 2016
IFRS 8	Operating Segments	1 February 2015	1 January 2016
IFRS 13	Fair Value Measurement	1 February 2015	1 January 2016
IAS 16	Property, Plant and Equipment	1 February 2015	1 January 2016
IAS 24	Related Party Disclosures	1 February 2015	1 January 2016
IAS 38	Intangible Assets	1 February 2015	1 January 2016

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

IFRIC 21 is an interpretation of IAS 37. The principal question answered is when a present obligation arises for levies imposed by governments and when a provision or liability should be recognised.

Eleven standards were amended in conjunction with the annual improvement project. The adjustments to formulations in certain IFRSs are aimed at clarifying existing regulations. Some of the amendments also affect disclosure requirements. The standards affected are IFRS 1, IFRS 3, IFRS 13, IAS 40, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

The amendments to IAS 19 clarify those regulations that concern the allocation of contributions by employees or third parties to service periods in cases where the contributions are linked to the same period of service. In addition, relief is granted in cases where the contributions are independent of the number of years of service.

3. Consolidated Group

In addition to GFT Technologies AG (“GFT AG”), the consolidated financial statements as of 31 December 2014 also included the following subsidiaries (fully consolidated):

- GFT Technologies (Schweiz) AG, Zurich, Switzerland
- GFT UK Limited, London, UK
- GFT Iberia Holding S.A.U., Sant Cugat del Vallès, Spain
- emagine GmbH, Eschborn, Germany
- Emagine Consulting SARL, Neuilly-sur-Seine, France
- Emagine 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 Flexwork GmbH, Stuttgart, Germany
- GFT Innovations GmbH, Stuttgart, Germany
- GFT Financial Solutions AG, Zurich, Switzerland
- GFT UK Invest Limited, London, UK
- Emagine Consulting Limited, London, UK
- GFT Appverse S.L.U., Sant Cugat del Vallès, Spain
- GFT Real Estate GmbH, Stuttgart, Germany
- GFT Beteiligungs GmbH, Stuttgart, Germany
- GFT Holding Italy S.r.l., Milan, Italy
- GFT Italia S.r.l., Milan, Italy
- Med-Use S.r.l., Milan, Italy

The following changes to the scope of consolidation have occurred since the consolidated financial statements were closed on 31 December 2013. These companies have also been fully consolidated since 26 June 2014.

- Rule Financial Limited, London, UK
- Rule Financial LLC, New York, USA
- Rule Financial Canada LLC, Toronto, Canada
- Waterline Group Inc., Boston, USA
- Rule Financial Sp z.o.o, Łódź, Poland
- Rule Consultants SL, Barcelona, Spain
- Rule Financial Costa Rica SA., Heredia, Costa Rica
- Peer2Peer Systems Limited, London, UK
- Financial Markets Associates Limited, London, UK
- Financial Market Associates Limited, London, UK

On 26 June 2014, GFT UK Ltd., London/UK, acquired a 97.93% stake in the UK-based IT service company Rule Financial Ltd., London/UK.

The stake was increased to 99.83% as of 31 December 2014. Please refer to point 28 “Business combinations” regarding effects on the consolidated financial statements.

In January 2015, Rule Financial Limited was renamed as GFT Financial Limited, Rule Financial LLC as GFT USA Consulting LLC, Rule Financial Canada LLC as GFT Canada, Inc., Rule Financial Sp z.o.o. as GFT Poland Sp z.o.o., and Rule Financial Costa Rica SA as GFT Costa Rica SA.

GFT Software Factory, Iberia, S.L.U., Lleida, Spain was merged with GFT IT Consulting, S.L.U., Barcelona, Spain, in 2014.

Sempla Med S.r.l., Palermo, Italy, Sempla Roma S.r.l., Milan, Italy, Nacon S.r.l., Genoa, Italy and Cardinis Solutions S.r.l., Padua, Italy were merged with GFT Italia S.r.l., Milan, Italy, in 2014.

As of 31 December 2014, the following adjustment was made to the outstanding obligation from the acquisition of GFT Financial Solutions AG, Zurich, Switzerland, (formerly Asymo AG) due to a change in the expected value resulting from reduced earnings expectations:

	2014 € thsd.
Carrying value as of 1 January	683
Adjustment to the expected value	–254
Interest and currency effects	–46
Payment of the third tranche	–383
Carrying value as of 31 December	**0**

As a consequence, all earn-out payments to the former shareholders have been made.

As of 31 December 2014, the carrying value of the conditional consideration for G2 Systems changed as follows:

	2014 € thsd.
Carrying value as of 1 January	341
Adjustment to the expected value	–132
Interest and currency effects	6
Payment of the third tranche	–215
Carrying value as of 31 December	**0**

As a consequence, all earn-out payments to the former shareholders have been made.

As of 31 December 2014, the carrying value of the conditional consideration for GFT Italia S.r.l. (formerly Sempla S.r.l.) changed as follows:

	2014 € thsd.
Carrying value as of 1 January	11,100
Adjustment to the expected value	0
Interest effects	433
Carrying value as of 31 December	**11,533**

The variable purchase price liability depends on the future earnings of GFT Italia S.r.l.. Average earnings before interest, taxes, depreciation and amortisation in the years 2015, 2016 and 2017 are the main factor for calculating the variable purchase price liability. The above figures were based on earnings before interest, taxes, depreciation and amortisation 20% above the average of the financial years 2012 and 2013. The maximum amount of the payment is not capped and the estimated range of payments from this agreement is between €0 thousand and €13,964 thousand.

A review of fair value of the variable purchase price liability at the end of the reporting period resulted merely in an adjustment of interest. There was adjustment of the expected value.

Equity holdings acc. to Section 313 (2) HGB are presented on page 96.

4. Consolidation methods

Assets and liabilities of domestic and foreign companies included in the consolidated financial statements are stated in accordance with uniformly applicable accounting and valuation methods.

Capital was consolidated through application of the purchase method by offsetting the investment 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 are 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.

The Rule and Sempla groups were consolidated according to the “Anticipated Acquisition Method”. We refer to point 28 of the notes to the consolidated financial statements.

Those investments in which GFT AG holds a significant influence (associated companies) – usually due to an equity holding of 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 Group’s 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 2014, concern the shares in eQuadriga Software Private Limited, Trichy, India. We refer to point 9 of the notes to the consolidated financial statements.

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

5. 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.

6. 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 customer bases that are depreciated over a period of four-and-a-half to ten 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 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 the 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 GFT Group.

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

Non-scheduled depreciation on property, plant and equipment 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. Please refer to the information on intangible assets and impairment test above for the impairment test procedure.

If property, plant and equipment (or no-current intangible assets) are leased, and if the economic ownership remains with the lessor, the leasing rates are recognised on a straight-line basis as an 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 the GFT Group 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. The GFT Group carries out an individual assessment of the impairment requirement on a case-by-case basis.

- **Loans, receivables and held-to-maturity financial assets**
  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, conditional purchase price obligations, 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 measured at amortised cost**
After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

¬ **Financial liabilities at fair value through profit or loss**
Financial liabilities 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 derecognised if the contractual liabilities have been paid, cancelled or expired.

Other receivables and liabilities as well as borrowing costs

Deferrals, prepayments and other non-financial assets and liabilities are carried at amortised cost. They are reversed on a straight-line basis or as the performance obligation is discharged.

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 of 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 recognition
In the GFT 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 at the end of the reporting period. The percentage of completion is measured on the basis of the performance rendered as of the end of the reporting period as a ratio of the total expected project costs. 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 at the end of the reporting period, 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 division, revenues are generated almost exclusively by the Company's own employees.

Profit recognition 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 taxes
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 end of the reporting period. 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. The GFT Group recognises 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 the GFT Group 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 realisable 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. At the end of each reporting period, the GFT Group 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 “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), the valuation of purchase price obligations from company acquisitions, the determination of the economic useful life for fixed assets, the percentage of completion of customer projects in progress, the collectability 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 uncertainties 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.

7. Intangible assets, goodwill

The development of intangible assets, including goodwill, of the GFT Group is presented on the next page.

¬ DEVELOPMENT OF CONSOLIDATED INTANGIBLE AND TANGIBLE ASSETS 2014

	Acquisition or production costs €					
	As at					As at
	01/01/2014	Additions from changes in consolidated Group	Additions	Disposals	Currency changes	31/12/2014
Intangible assets						
Licences, industrial property rights and similar rights	18,511,026.02	21,900,919.36	699,327.97	195,014.28	–833.47	40,915,425.60
Goodwill	59,429,704.66	38,562,112.91	0.00	0.00	579,762.93	98,571,580.50
	77,940,730.68	**60,463,032.28**	**699,327.97**	**195,014.28**	**578,929.46**	**139,487,006.10**
Tangible assets						
Developed land and buildings	2,848,171.15	0.00	4,563,113.61	0.00	0.00	7,411,284.76
Other equipment, office and factory equipment in use	16,274,767.79	4,101,579.74	5,824,069.26	1,357,815.63	–4,244.67	24,838,356.49
Construction on foreign property	279,115.33	0.00	172,243.47	0.00	0.00	451,358.80
	19,402,054.26	**4,101,579.74**	**10,559,426.34**	**1,357,815.63**	**–4,244.67**	**32,701,000.05**
	97,342,784.94	**64,564,612.01**	**11,258,754.31**	**1,552,829.91**	**574,684.79**	**172,188,006.16**

Depreciation €						Book values €	
As at					As at	As at	As at
01/01/2014	Additions from changes in consolidated Group	Depreciation of the financial year scheduled	Disposals	Currency changes	31/12/2014	31/12/2014	31/12/2013
9,730,480.61	35,407.50	4,088,640.86	193,801.48	–26,034.32	13,634,693.17	27,280,732.43	8,780,545.41
0.00	0.00	0.00	0.00	0.00	0.00	98,571,580.50	59,429,704.66
9,730,480.61	**35,407.50**	**4,088,640.86**	**193,801.48**	**–26,034.32**	**13,634,693.17**	**125,852,312.93**	**68,210,250.07**
42,516.68	0.00	72,059.70	0.00	0.00	114,576.38	7,296,708.38	2,805,654.47
11,418,567.95	2,023,422.68	2,307,444.82	1,336,766.62	25,246.28	14,437,915.10	10,400,441.39	4,856,199.84
275,355.84	0.00	90,438.83	0.00	3,091.08	368,885.75	82,473.04	3,759.49
11,736,440.47	**2,023,422.68**	**2,469,943.35**	**1,336,766.62**	**28,337.36**	**14,921,377.24**	**17,779,622.81**	**7,665,613.80**
21,466,921.08	**2,058,830.18**	**6,558,584.21**	**1,530,568.10**	**2,303.04**	**28,556,070.41**	**143,631,935.74**	**75,875,863.87**

¬ DEVELOPMENT OF CONSOLIDATED INTANGIBLE AND TANGIBLE ASSETS 2013

	Acquisition or production costs €					
	As at 01/01/2013	Additions from changes in consolidated Group	Additions from reclassifications (R)	Disposals from reclassifications (R)	Currency changes	As at 31/12/2013
Intangible assets						
Licences, industrial property rights and similar rights	3,560,793.11	15,163,788.70	534,278.44	724,746.62	–23,087.61	18,511,026.02
Goodwill	35,949,217.28	23,836,357.77	0.00	0.00	–355,870.39	59,429,704.66
	39,510,010.39	**39,000,146.47**	**534,278.44**	**724,746.62**	**–378,958.00**	**77,940,730.68**
Tangible assets						
Developed land and buildings	0.00	0.00	2,464,888.20	0.00	0.00	2,848,171.15
			383,282.95 (R)			
Prepaid expenses	383,282.95	0.00	0.00	383,282.95 (R)	0.00	0.00
Other equipment, office and factory equipment in use	11,209,009.61	2,780,355.25	2,490,949.82	104,261.55	–101,285.35	16,274,767.78
Construction on foreign property	277,694.88	0.00	1,420.45	0.00	0.00	279,115.33
	11,869,987.44	**2,780,355.25**	**5,340,541.42**	**487,544.50**	**–101,285.35**	**19,402,054.26**
	51,379,997.83	41,780,501.72	5,874,819.86	1,212,291.12	–480,243.35	97,342,784.94
			383,282.95 (R)	**–383,282.95 (R)**		

Depreciation €						Book values €	
As at 01/01/2013	Additions from changes in consolidated Group	Depreciation of the financial year scheduled	Disposals	Currency changes	As at 31/12/2013	As at 31/12/2013	As at 31/12/2012
2,823,580.46	6,140,214.43	1,501,512.37	721,386.62	–13,440.03	9,730,480.61	8,780,545.41	737,212.65
0.00	0.00	0.00	0.00	0.00	0.00	59,429,704.66	35,949,217.28
2,823,580.46	**6,140,214.43**	**1,501,512.37**	**721,386.62**	**–13,440.03**	**9,730,480.61**	**68,210,250.07**	**36,686,429.93**
0.00	0.00	42,516.68	0.00	0.00	42,516.68	2,805,654.47	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	383,282.95
8,397,983.24	1,859,775.62	1,282,691.13	56,669.10	–65,212.94	11,418,567.95	4,856,199.83	2,811,026.37
263,627.47	0.00	11,781.01	0.00	–52.64	275,355.84	3,759.49	14,067.41
8,661,610.71	**1,859,775.62**	**1,336,988.82**	**56,669.10**	**–65,265.58**	**11,736,440.47**	**7,665,613.80**	**3,208,376.73**
11,485,191.17	7,999,990.05	2,838,501.19	778,055.72	–78,705.61	21,466,921.08	75,875,863.87	39,894,806.66

Goodwill is no longer subject to scheduled amortisation but is tested once a year for impairment in accordance with IAS 36. The impairment test of goodwill was performed on the basis of the future anticipated cash flow as derived from planning. Planning is based on the approved budged for the upcoming 2015 financial year, which was carried forward with defined growth rates for the subsequent three years. Fourth year values were then continued with a growth rate of 1% for the extended future. Cash flows were discounted with a discount rate of 7% for the cash-generating unit GFT Finance & Insurance and 6% for the cash-generating unit emagine (prev. year: 8% and 6%) before taxes. The discount rate before taxes for the cash-generating unit GFT Finance & Insurance amounts to 9% and emagine to 8% (prev. year: 11% and 8%). The recoverable amount of the cash-generating units was thus determined as value in use. The discount rate of each cash-generating unit is determined specifically. The weighted cost of capital for each unit is calculated using the WACC method. The components comprise the risk-free interest rate and country-specific market risk premium, as well as a beta factor (four years) benchmarked against the German Entrepreneurial Index.

For the cash flow forecasts for the cash generating unit GFT Finance & Insurance, management assumes that existing and new client business, based on planning for the financial year 2015, can be increased by 10% in the years 2016 to 2018 and thereafter at a growth rate of 1%. For the cash-generating segment emagine, management assumes average growth, based on planning for the financial year 2015, of 2% for existing and new client business in the years 2016 to 2018, and thereafter at a growth rate of 1%. 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:

	31/12/2014 € thsd.	31/12/2013 € thsd.
Cash-generating units		
GFT Finance & Insurance	92,542	53,400
emagine	6,030	6,030
	98,572	**59,430**

As in the previous years, the impairment test in financial year 2014 did not result in any non-scheduled amortisation of goodwill.

Details on the acquisition of the above mentioned company (business combination) are provided under point 28.

The changes in intangible assets were as follows:

	Goodwill in € thsd.	Software in € thsd.	Customer base in € thsd.	Development costs in € thsd.	Other in € thsd.	Total in € thsd.
Acquisition or production costs						
As of 1 January 2013	**35,949**	**0**	**369**	**0**	**3,192**	**39,510**
Additions	0	0	0	0	534	534
Acquisitions from business combinations	23,836	4,064	4,120	88	6,892	39,000
Net translation differences	–356	0	0	0	–23	–379
Disposals	0	0	0	0	725	725
As of 31 December 2013	**59,430**	**4,064**	**4,489**	**88**	**9,870**	**77,941**
As of 1 January 2014	**59,430**	**4,064**	**4,489**	**88**	**9,870**	**77,941**
Additions	0	0	0	314	385	699
Acquisitions from business combinations	38,562	1,098	20,739	0	64	60,463
Net translation differences	580	0	0	0	–1	579
Disposals	0	0	0	0	195	195
As of 31 December 2014	**98,572**	**5,162**	**25,228**	**402**	**10,123**	**139,487**
Cumulative depreciation and impairment charges						
As of 1 January 2013	**0**	**0**	**125**	**0**	**2,698**	**2,824**
Additions	0	0	0	0	6,140	6,140
Amortisations	0	484	595	0	423	1,502
Net translation differences	0	0	0	0	–13	–13
Disposals	0	0	0	0	721	721
As of 31 December 2013	**0**	**484**	**720**	**0**	**8,526**	**9,730**
As of 1 January 2014	**0**	**484**	**720**	**0**	**8,526**	**9,730**
Additions	0	0	0	0	35	35
Amortisations	0	1,150	2,255	0	683	4,089
Net translation differences	0	0	0	0	–26	–26
Disposals	0	0	0	0	194	194
As of 31 December 2014	**0**	**1,634**	**2,976**	**0**	**9,025**	**13,635**
Book values						
As of 31 December 2013	**59,430**	**3,580**	**3,769**	**88**	**1,344**	**68,210**
As of 31 December 2014	**98,572**	**3,528**	**22,252**	**402**	**1,098**	**125,852**

The carrying value of client relationships has a residual useful life of 4.5 to 9.5 years. The carrying value of software has a residual useful life of 2.5 to 3.5 years. Capitalised development costs are the costs for software products with an estimated useful life of 2.5 to 3.5 years.

With the exception of goodwill, there are no intangible assets with unlimited useful lives within the GFT Group.

8. Property, plant and equipment

The development of property, plant and equipment of the GFT Group is presented on pages 88-91.

Property, plant and equipment 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 property, plant and equipment (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.

The amounts disclosed in the item "Developed land and buildings" refer to the new administration building in Stuttgart.

As in the previous year, non-scheduled depreciation on property, plant and equipment due to impairment was not necessary in the financial year 2014.

9. Financial assets

Securities
The securities held as of 31 December 2014 consist of interest-bearing debt instruments and are broken down as follows:

	31/12/2014 € thsd.	31/12/2013 € thsd.
Category according to IAS 39		
Financial assets at fair value through profit and loss	121	120
	121	**120**

The measurement of securities disclosed as “held-to-maturity” until their reclassification resulted in no effects to profit or loss in financial year 2014 (prev. year: €82 thousand) as no such securities were held at the end of the reporting period, as in the previous year. 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 for market valuation of securities”.

The measurement of securities “measured at fair value through profit or loss” led to income recognised in the income statement of €1 thousand in financial year 2014 (prev. year: €2 thousand).

The inventory of securities as of 31 December 2014 consists solely of debt issues with good credit standing. At least on every balance sheet date, the GFT Group determines whether there are objective indications that an impairment of securities is present. As of 31 December 2014, 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 2014, concern the shares in eQuadriga Software Private Limited, Trichy/India (30.0%; prev. year: 30.0%).

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 of 31 December 2014 occurs according to the equity method (as in the previous year). Due to the small size of the company the effects on the GFT Group are negligible.

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, thus ensuring generally uniform accounting and measurement polices, no possibly necessary adjustments of the annual financial statements of eQuadriga Software Private Limited used for equity recognition were made to bring them in line with the accounting policies of the GFT Group.

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

	2014 € thsd.	2013 € thsd.
eQuadriga Software Private Limited:		
Balance sheet disclosures (31 December)		
Assets	15	42
Equity	–5	28
Liabilities	20	14
Income statement disclosures		
Revenue	191	245
Profit/loss for the year	–41	–34

Investments
The investments shown as financial assets are the investments in Thinkmap, Inc., New York/USA (4.8%; 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. As in the previous year, there were no dividends from investments shown as financial assets.

¬ EQUITY HOLDINGS ACC. TO SECTION 313 (2) (HGB)

		Share of the capital %	Equity 31/12/2014		Earnings after tax 2014	
I. Direct investments						
INLAND						
emagine GmbH, Eschborn	1, 2, 5	100	2,841	T€	0	T€
GFT Innovations GmbH, Stuttgart		100	–88	T€	492	T€
GFT Real Estate GmbH, Stuttgart	3	100	364	T€	0	T€
GFT Beteiligungs GmbH, Stuttgart	4	100	19	T€	0	T€
FOREIGN COUNTRIES						
GFT Technologies (Schweiz) AG, Zurich, Switzerland		100	1,458	TCHF	749	TCHF
GFT Financial Solutions AG, Zurich, Switzerland		100	2,918	TCHF	2,174	TCHF
GFT UK Limited, London, UK		100	19,440	T€	8,171	T€
GFT Iberia Holding, S.A.U., Sant Cugat del Vallès, Spain		100	9,779	T€	8,180	T€
GFT Holding Italy S.r.l., Milano, Italy		100	3,155	T€	–852	T€
eQuadriga Software Private Limited, Trichy, India		30	–102	TINR	–3,139	TINR
II. Indirect investments						
INLAND						
emagine Flexwork GmbH, Stuttgart	2	100	375	T€	0	T€
FOREIGN COUNTRIES						
GFT IT Consulting, S.L.U., Sant Cugat del Vallès, Spain	6, 13	100	10,275	T€	8,787	T€
GFT Brasil Consultoria Informática Ltda., São Paulo, Brazil		100	6,356	TBRL	5,235	TBRL
GFT USA, Inc., New York, USA		100	9,112	TUSD	3,027	TUSD
Emagine Consulting SARL, Neuilly-sur-Seine, France	5	100	2,629	T€	302	T€
Emagine Holding France SARL, Neuilly-sur-Seine, France	5, 14	100	1	T€	1	T€
GFT Appverse, S.L.U., Sant Cugat del Vallès, Spain		100	–10	T€	–3	T€
GFT UK Invest Limited, London, UK		100	–9	T€	400	T€
Emagine Consulting Limited, London, UK		100	449	TGBP	210	TGBP
GFT Italia S.r.l., Milano, Italy	7	80	22,848	T€	1,038	T€
Med-Use S.r.l., Milano, Italy		80	281	T€	5	T€
Rule Financial Limited, London, UK	8	99.8	6,173	TGBP	463	TGBP
Rule Financial LLC, New York, USA	9	99.8	47	TUSD	671	TUSD
Rule Financial Canada LLC, Toronto, Canada	11	99.8	1,193	TCAD	683	TCAD
Waterline Group Inc., Boston, USA		99.8	20	TUSD	0	TUSD
Rule Financial Sp z.o.o., Łódź, Poland	10	99.8	4,993	TPLN	1,977	TPLN
Rule Consultants SL, Barcelona, Spain	13	100	152	T€	35	T€
Rule Financial Costa Rica SA, Heredia, Costa Rica	12	99.8	44,362	TCRC	44,361	TCRC
Peer2Peer Systems Limited, London, UK		99.8	5	TGBP	0	TGBP
Financial Markets Associates Limited, London, UK		99.8	0	TGBP	0	TGBP
Financial Market Associates Limited, London, UK		99.8	0	TGBP	0	TGBP

1 There is an agreement for the transfer of profits between emagine GmbH (profit-transferring company) and GFT Technologies AG.
2 There is an agreement for the transfer of profits between emagine Flexwork GmbH (profit-transferring company) and emagine GmbH.
3 There is an agreement for the transfer of profits between GFT Real Estate GmbH (profit-transferring company) and GFT Technologies AG.
4 There is an agreement for the transfer of profits between GFT Beteiligungs GmbH (profit-transferring company) and GFT Technologies AG.
5 Emagine Consulting SARL and Emagine Holding France SARL were merged with emagine GmbH with effect from October 9, 2014.
6 GFT Software Factory Iberia, S.L.U. was merged with GFT IT Consulting, S.L.U. in 2014.
7 Sempla Med S.r.l., Sempla Roma S.r.l., Nacon S.r.l. and Cardinis Solutions S.r.l. were merged with GFT Italia S.r.l. in 2014.
8 Rule Financial Limited was renamed as GFT Financial Limited in January 2015.
9 Rule Financial LLC was renamed as GFT USA Consulting LLC in January 2015.
10 Rule Financial Sp. z.o.o. was renamed as GFT Poland Sp. z.o.o. in January 2015.
11 Rule Financial Canada LLC was renamed as GFT Canada, Inc. in January 2015.
12 Rule Financial Costa Rica SA was renamed as GFT Costa Rica SA in January 2015.
13 Rule Consultants SL was sold to GFT IT Consulting, S.L.U. with effect from December 1, 2014.
14 GFT Holding France SARL was renamed as Emagine Holding France SARL 2014.

10. Other assets

Other assets can be broken down as follows:

¬ OTHER ASSETS	31/12/2014 € thsd.	31/12/2013 € thsd.
Non-current assets		
Deposits	765	541
Other current financial assets		
Deposits	441	259
Receivables from employees	159	73
Creditors with debit balance	89	206
Deferred interest	0	10
Others	334	264
	1,023	**812**
Other current assets		
Accruals	2,133	1,106
Claims for VAT and other tax refunds	1,366	690
Damage claims	160	0
Receivables from social security fund	143	158
Others	468	0
	4,270	**1,954**
Total current	**5,293**	**2,766**
Total	**6,058**	**3,307**

11. Income taxes

The item “Income taxes” disclosed in the income statement includes:

¬ INCOME TAXES	2014 € thsd.	2013 € thsd.
Current tax expense	8,600	5,640
Deferred tax income	–1,487	–1,750
Tax expense	**7,113**	**3,890**

The current tax expense includes out-of-period current income tax income of €958 thousand (prior year €76 thousand).

Deferred income taxes result from the following causes:

	2014 € thsd.	2013 € thsd.
From temporary differences	–1,896	–1,750
From taxable loss carry-forwards	409	0
Deferred tax income	**–1,487**	**–1,750**

Items credited directly to other comprehensive income resulted in deferred taxes of €164 thousand (prev. year: €–135 thousand) which could not be booked through profit or loss. The change in tax rates led to a decline in the deferred tax income of €0 thousand, as in the previous year.

Deferred tax income is reduced by the corrected recognition of deferred tax assets on tax loss carry-forwards (€409 thousand; prev. year: €0 thousand) and temporary differences (€0 thousand; prev. year: €0 thousand).

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

	31/12/2014 € thsd.	31/12/2013 € thsd.
Deferred tax assets	4,002	3,893
Long-term current income tax claims (Assets from corporate tax according to § 37 KStG)	204	310
Short term assets from profits tax	1,284	1,338
Total	**5,490**	**5,541**

	31/12/2014 € thsd.	31/12/2013 € thsd.
Deferred tax liabilities	5,882	2,740
Current tax liabilities	3,837	1,999
Total	**9,719**	**4,739**

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

	31/12/2014 € thsd.	31/12/2013 € thsd.
Tax loss carry-forwards	2,400	2,809
Other provisions	1,062	434
Intangible assets and property, plant and equipment	2,894	1,252
Provisions for pensions	1,139	858
Receivables and other financial assets	645	733
Subtotal	8,140	6,086
Offsetting	–4,138	–2,193
Deferred tax assets	**4,002**	**3,893**

	31/12/2014 € thsd.	31/12/2013 € thsd.
Receivables	437	437
Intangible assets and equipment	9,146	4,496
Inventories	167	–
Other financial obligations	137	–
Provisions for pensions	133	–
Subtotal	10,020	4,933
Offsetting	–4,138	–2,193
Deferred tax liabilities	**5,882**	**2,740**

There are loss carry forwards for German Group companies amounting to €6.1 million (prev. year: €3.3 million) for corporation tax and loss carry forwards for trade tax of €4.9 million (prev. year: €2.6 million), as well as for foreign Group companies amounting to €6.4 million, 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.

The deferred tax asset for the carry forward of unused tax losses as of 31 December 2014 refers to GFT Technologies AG (€2,400 thousand; prev. year: €2,809 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 €2,400 thousand can be used. GFT Technologies AG therefore has 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:

	2014 € thsd.	2013 € thsd.
Earnings before income taxes	**27,068**	**17,519**
Expected tax expenses at 28.0% (prev. year: 28.0%)	7,579	4,905
Other non tax-deductible expenses and tax-free income	–708	–1,228
Recognition correction on deferred assets and use of tax loss carry-forwards without capitalisation of deferred taxes	444	359
Tax rate differences	744	–149
Aperiodic effects (income tax for previous years)	–741	–124
Other tax effects	–205	127
Effective tax expense	**7,113**	**3,890**
Effective tax rate	26.28%	22.2%

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 €118,132 thousand (prev. year: €54,777 thousand).

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.

	2014 € thsd.	2013 € thsd.
Deferred tax assets	4,002	3,893
Deferred tax liabilities	–5,882	–2,740
Balance as of 31 December	**–1,880**	**1,153**

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

	2014 € thsd.	2013 € thsd.
Balance as of 1 January	3,893	4,232
Addition (in the previous year use)	109	–339
Balance as of 31 December	**4,002**	**3,893**

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

	2014 € thsd.	2013 € thsd.
Deferred taxes in the income statement	–1,487	–1,750
Deferred taxes in other comprehensive income	164	–135
Total	**–1,323**	**–1,885**

12. 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 €2,602 thousand (prev. year: €1,141 thousand). Trade receivables, in accordance with IAS 11, include realised revenue from unfinished projects as of the balance sheet date in the amount of €19,756 thousand (prev. year: €11,953 thousand) minus prepayments received in the amount of €10,194 thousand (prev. year: €7,419 thousand). Order revenue recognised in the period from production orders as defined by IAS 11 are not recognised separately by the GFT Group. Revenue of the GFT division includes revenue of €53,837 thousand (prev. year: €27,226 thousand) recognised using the percentage of completion method. This was opposed by costs of €48,432 thousand (prev. year: €24,135 thousand). There was therefore a profit of €5,405 thousand (prev. year: €3,091 thousand).

The cumulative value adjustments on trade receivables developed as follows:

	2014 € thsd.	2013 € thsd.
Balance as of 1 January	1,141	283
Additions	716	118
Drawings	–101	0
Reversals	–27	–33
Additions from changes in consolidated group	837	775
Exchange rate effects and other changes	36	–2
Balance as of 31 December	**2,602**	**1,141**

13. Securities as well as cash and cash equivalents

Securities disclosed by the GFT Group under current assets as of 31 December 2014 were used for contingency liquidity purposes and interest rate optimisation and consisted of variable interest rate debt instruments. They were broken down as follows:

	31/12/2014 € thsd.	31/12/2013 € thsd.
Category according to IAS 39		
Financial assets available for sale	0	1,354
Total	**0**	**1,354**

The sale of current and non-current "available for sale" securities in the financial year 2014 led to earnings in the income statement of €276 thousand (prev. year: €40 thousand).

The amendment to the fair value of non-current and current "available for sale" securities as of 31 December 2014 led to no "Reserve for the market assessment of securities" in equity due to a change of €–38 thousand (prev. year: €401 thousand). In the previous year, there was an overall positive "Reserve for the market assessment of securities".

In financial year 2014, the "Reserve for the market assessment of securities" developed as follows:

	31/12/2014 € thsd.	31/12/2013 € thsd.
Balance as of 1 January	38	–364
Change in the fair value of non-current securities	0	–37
Reclassification to the income statement	0	81
Change in the fair value of current securities	–52	493
Income taxes	14	–135
Balance as of 31 December	**0**	**38**

Cash and cash equivalents of the total company include cash (€3 thousand; previous year €2 thousand) and short-term liquid credit at banks (€38,126 thousand; previous year €47,147 thousand).

14. Shareholders' equity

Please refer to the separately presented statement of changes in equity for the equity development during the financial years 2014 and 2013.

As of 31 December 2014, share capital in the amount of €26,325,946.00 consisted of 26,325.946 no-par bearer shares (unchanged from 31 December 2013) 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 2014 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), from the valuation of securities classified as "financial assets available for sale" (IAS 39), from the valuation of pension obligations not affecting results (IAS 19 R) and from the subsequent valuation of the acquisitions Sempla S.r.l., Milan, Italy, and Rule Financial Ltd., London, UK, not affecting results.

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 2014, a dividend of €0.25 per share was distributed to shareholders, totalling €6,581 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 €0.25 per share to shareholders, totalling €6,581 thousand (prev. year: €0.25 per share, totalling €6,581 thousand) from the balance sheet profit of GFT AG as of 31 December 2014.

Authorised capital
As of 31 December 2014, there was therefore unutilised authorised capital in the amount of €10,000,000.00 (31 December 2013 €10,000,000.00).

Conditional capital
Conditional capital amounted to €10,000,000.00 as of 31 December 2014 (prev. year: €10,000,000.00).

15. Provisions for pensions

In the GFT Group, employee benefits are provided through defined contribution and defined benefit plans as well as one-off payments on termination of employment (TFR – Trattamentodi Fine Rapporto). The heterogeneity of benefits is due to historical reasons and the development of the Group.

For defined contribution 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 2014 for defined contribution plans to public and private pensions regulatory authority of €14,197 thousand (prev. year: €8,773 thousand) are included in personnel expenses.

Defined benefit 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 defined benefit 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 defined benefit plans in the meaning of IAS 19. For this reason, provisions were formed in the balance sheet for these plans on 31 December 2014 and in the previous year. Please see the explanations below regarding additions in the financial year 2014.

"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 39 active insured parties and no pension recipient as of 31 December 2014 (prev. year: 43 active insured parties and no pension recipient).

Severance payments under Italian law (TFR) are one-off payments due as soon as the employee leaves the company. The size of the severance payment is based on the number of monthly salaries (indexed), whereby one service year entitles the employee to one monthly salary (annual salary divided by 13.5). Under certain circumstances, for example for the purchase of a home or medical care, the employee may receive an advance of up to 70% of the claim. As of the financial year 2007, these payments are to be made to the state social security institute (INPS – Istituto Nazionale della Previdenzia Sociale) or an insurance provider nominated by the employee, as soon as a company employs more than 50 people. Below this threshold, transfers are voluntary and are not made by the Italian subsidiary GFT Italia S.r.l..

The obligations under Polish law also refer to severance payments which are required by law via the Polish Social Insurance Institution (ZUS - Zakład Ubezpieczeń Społecznych), whereby they become due on reaching the retirement age or with a decline in health or increased need for medical care. The sum is calculated on the basis of one monthly salary per employee and is disclosed at the discounted rate as of the beginning of employment.

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

	Germany		Switzerland		Italy		Poland	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Probability of fluctuation	–	–	BVG 2010	BVG 2010	10.00%	10.00%	7.60%	
Pensionable age	63	63	65/64	65/64	67	67	67	
Salary increases (employee/ manager)	2.00%	2.00%	2.00%	2.00%	0.5% +inflation	0.5% +inflation	3.50%	
Salary increases (manager)	–	–	–	–	1% +inflation	1% +inflation	–	
Pension increases	2.00%	2.00%	0.00%	0.00%	2.63%	3.00%	–	
Discount rate	1.75%	2.76%	1.50%	2.00%	1.49%	3.11%	2.30%	
expected return on plan assets	0.00%	0.00%	1.50%	2.00%	–	–	–	

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 likelihood of withdrawals in Italy is assessed at 10%. The actuarial assumptions for mortality rates are prescribed by surveys of the Italian statistics office (ISTAT 2004). The actuarial assumptions for disability incidence rates are based on the tables of the National Institute for Social Security (INPS – Istutio Nazionale della Previdenza Sociale).

For Poland, the likelihood of withdrawals is assessed at 7.60%. The actuarial assumptions for mortality rates are prescribed by the Main Statistical Office (GUS) (GUS 2012: +60%). The actuarial assumptions for disability incidence rates are based on the table (ZUS 2008) of the Polish Social Insurance Institution (ZUS – Zakład Ubezpieczeń Społecznych).

The present values of the defined benefit obligations, the fair values of the plan assets and the respective excessive and/or insufficient cover of the current reporting year 2014 and the preceding year can be taken from the following table:

	31/12/2014 € thsd.	31/12/2013 € thsd.
Fair value of plan assets	–3,626	–4,664
Present values of defined benefit obligations	10,917	11,044
Surplus cover (net asset)/deficient cover (net liability)	**7,291**	**6,380**

Of the present value for rights accrued, €6,934 thousand (prev. year: €7,483 thousand) refer to pension plans that are financed completely or partially through plan assets, and €3,983 thousand (prev. year: €3,561 thousand) to pension plans that are not financed by plan assets.

The experience adjustments to the liabilities of the plans came to €640 thousand in financial year 2013 (2013: €338 thousand); the experience adjustments to the plan assets came to €29 thousand (2013: €7 thousand).

	2014 € thsd.	2013 € thsd.
Pension obligation as of 1 January	11,044	8,307
Current service cost	860	937
Interest expense/income	262	295
Restatements	514	–173
Contributions to pension plan	527	233
Benefits paid	–2,521	–1,029
Currency differences	206	–78
Effects from business combinations and disposals	25	2,552
Pension obligation as of 31 December	**10,917**	**11,044**

Effects on pension obligations from business combinations amounting to €25 thousand refer to the obligations from the acquisition of Rule Financial Ltd., London/UK, on 26 June 2014.

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

	2014 € thsd.	2013 € thsd.
Fair value of plan assets as of 1 January	4,664	4,619
Income from plan assets (without interest income)	92	89
Benefits paid	–1,783	–534
Contributions by employer	232	261
Contributions by entitled employees	232	261
Currency differences	189	–32
Fair value of plan assets as of 31 December	**3,626**	**4,664**

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").

In the following year (2015), employer contributions to the plan assets of €228 thousand and employee contributions of €228 thousand are expected.

As in the previous year, the calculation of the obligation and the generally expected return of the plan assets in Switzerland was based on the valid insurance regulations, databases and cash flow disclosures for 2014 of the two Swiss companies. The expected income from plan assets of GFT AG results from interest and is insignificant. There are no plan assets in Italy and Poland.

Under IAS 19R, companies must classify the fair value of plan assets according to the nature and risks of these assets. The major portion of plan assets refers to the benefit plans in Switzerland. The breakdown is as follows:

	2014 € thsd.	2013 € thsd.
Cash and cash equivalents	48	60
Mortgages	342	448
Loans	0	0
Bonds	2,515	3,270
Shares	351	358
Alternative investments	18	36
Property	352	492
Fair value of plan assets	**3,626**	**4,664**

The table above includes €250 thousand (prev. year: €250 thousand) of plan assets from Germany which are invested in shares. There are no plan assets in Italy and Poland.

The following table provides information on the maturity profile (in years) of benefits in order to give an indication of the impact of defined benefit plans on future cash flows.

Maturity profile 31 December 2014	<1 € thsd.	1-5 € thsd.	6-10 € thsd.	11-20 € thsd.	>20 € thsd.	Total € thsd.
Germany	38	217	409	890	0	1,554
Switzerland	25	166	457	2,120	3,750	6,518
Italy	318	966	889	1,064	537	3,773
Poland	0	0	0	2	2,413	2,415
	381	**1,349**	**1,755**	**4,076**	**6,699**	**14,260**

In the next reporting period (2015), plan contributions of €468 thousand are expected throughout the Group.

In order to improve estimations of the amount and uncertainty of future cash flows, the following shows a sensitivity analysis as of 31 December 2014. This illustrates how sensitively the present value of obligations reacts to changes in the discount rate, salary increases and pension increases. Summarised information based on weighted averages is provided for the respective plans in Switzerland.

Sensitivity analysis	Obligation				Change			
	Germany € thsd.	Switzerland € thsd.	Italy € thsd.	Poland € thsd.	Germany %	Switzerland %	Italy %	Poland %
Present value of obligations	1,456	6,518	2,976	35				
Discount rate	1.75%	1.50%	1.49%	2.30%				
¬ Increase of 0.5%	1,352	5,759	2,867	32	–7.14%	–11.65%	–3.64%	–8.95%
¬ Decrease of 0.5%	1,572	7,329	3,092	39	7.99%	12.44%	3.90%	10.27%
Salary increase	2.00%	2.00%	1.00%	3.50%				
¬ Increase of 0.5%	1,473	6,825	2,979	39	1.17%	4.71%	0.12%	11.79%
¬ Decrease of 0.5%	1,439	6,072	2,962	32	–1.16%	–6.85%	–0.45%	–10.45%
Pension increase	2.00%	0.00%	2.63%	–				
¬ Increase of 0.5%	1,528	6,718	3,034	–	4.95%	3.06%	1.95%	–
¬ Decrease of 0.5%	1,391	6,518	2,870	–	–4.47%	0.00%	–3.54%	–

In Switzerland, a pension increase of 0% was assumed as there are no mandatory inflation-linked rights. A reduction of 0.5 percentage points would therefore imply a negative pension control, which is not legally possible.

16. Other provisions

Other provisions developed as follows in the financial year 2014:

	01/01/2014 € thsd.	€ thsd.	€ thsd.	€ thsd.	€ thsd.	31/12/2014 € thsd.
	Balance as of	Additions from changes in consolidated group	Consumption	Reversals	Additions	Balance as of
Employee commissions/ bonuses/anniversaries/ severance payments	15,437	2,204	11,446	1,653	18,672	23,214
Holiday obligations	4,165	771	3,297	45	3,416	5,010
Contributions to professional associations	76	–	76	–	100	100
Provisions for personnel expenses	**19,678**	**2,975**	**14,819**	**1,698**	**22,188**	**28,324**
Subsequent purchase price payments from business combinations	1,024	–	882	142	–	0
Outstanding purchase invoices	5,135	1,779	3,986	518	5,794	8,204
Credits notes still to be issued	2,362	–	34	383	1,497	3,442
Warranty	130	–	37	52	64	105
Impending losses from projects	326	–	315	11	23	23
Other	1,669	1,790	1,894	235	1,019	2,349
Total	**30,325**	**6,544**	**21,967**	**3,039**	**30,585**	**42,448**

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

The decrease in discounted amounts during the reporting period due to the lapse of time amounts to €57 thousand (prev. year: €144 thousand).

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

	31/12/2014 € thsd.	31/12/2013 € thsd.
Other long-term provisions		
Employee commissions/bonuses/anniversaries/ severance payments	566	576
Others	116	84
	682	**660**
Other short-term provisions	41,766	29,665
Total	**42,448**	**30,325**

17. Liabilities

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

	Remaining term		Total amount		
In euro	up to 1 year	more than 5 years	31/12/2014	Thereof secured through liens and similar rights	Nature and form of the collateral
Trade liabilities	20,794,829.67 (prev. year: 21,780 thsd.)	0.00 (prev. year: – thsd.)	20,794,829.67 (prev. year: 21,780 thsd.)		Usual reservation of property rights
Deferred tax liabilities	0.00 (prev. year: – thsd.)	0.00 (prev. year: – thsd.)	5,881,800.20 (prev. year: 2,740 thsd.)		
Financial liabilities	46,031,729.79 (prev. year: 732 thsd.)	12,000,000.00 (prev. year: 12,000 thsd.)	80,162,605.87 (prev. year: 27,739 thsd.)	8,000,000.00	Mortgage
Current income tax liabilities	3,837,294.97 (prev. year: 1,999 thsd.)	0.00 (prev. year: – thsd.)	3,837,294.97 (prev. year: 1,999 thsd.)		
Other financial liabilities	3,613,869.39 (prev. year: 1,250 thsd.)	0.00 (prev. year: 11,673 thsd.	16,255,987.33 (prev. year: 12,923 thsd.)		
Other liabilities	24,569,695.15 (prev. year: 15,342 thsd.)	0.00 (prev. year: – thsd.)	24,569,695.15 (prev. year: 15,342 thsd.)		
	98,847,418.97 (prev. year: 41,103 thsd.)	**12,000,000.00** (prev. year: 23,673 thsd.)	**151,502,213.19** (prev. year: 82,523 thsd.)		

There are trade payables to associated companies of €3 thousand (prev. year: €6 thousand). As in the previous year, there are no trade payables to companies with whom an equity interest exists.

18. Other liabilities

Other liabilities are broken down as follows:

	31/12/2014 € thsd.	31/12/2013 € thsd.
Other non-current financial liabilities		
Conditional purchase price obligation from business combinations	12,642	11,673
Other current financial liabilities		
Liabilities to employees	3,344	1,006
Debitors with credit balances	90	244
Conditional purchase price obligation from business combinations	180	0
Total	**3,614**	**1,250**
Other current liabilities		
Deferred credits to income	9,316	4,963
Wage tax, VAT, and other tax liabilities	8,111	5,402
Liabilities from social security contributions	3,208	2,210
Advance payments on orders	2,746	2,436
Others	1,189	331
Total	**24,570**	**15,342**
Total other liabilities	**40,826**	**28,265**

19. Additional information on the Consolidated Statement of Comprehensive Income

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

	2014 €			2013 €		
	Amount before tax	Income taxes	Amount after tax	Amount before tax	Income taxes	Amount after tax
Components never reclassified to the income statement Actuarial gains/losses	–542,118.75	149,043.26	–393,075.49	219,738.92	–60,904.83	158,834.09
¬ Change in fair value recognised in equity	–52,200.00	14,616.00	–37,584.00	454,420.95	–134,909.21	319,511.74
¬ Reclassification to the income statement	0.00	0.00	0.00	81,895.21	0.00	81,895.21
	–594,318.75	163,659.26	–430,659.49	756,055.08	–195,814.04	560,241.04
Exchange differences on translating foreign operations	1,290,103.71	0,00	1,290,103.71	–520,834.94	0.00	–520,834.94
	695,784.96	**163,659.26**	**859,444.22**	**235,220.14**	**–195,814.04**	**39,406.10**

20. Segment reporting

The GFT Group has identified the business divisions GFT (formerly GFT solutions) and emagine as reportable segments. The factors used in identifying these business segments were in particular the facts that the services and products offered in these divisions display differences and that the GFT Group is organised and managed on the basis of these business divisions. Internal reporting to the Executive Board is based on the grouping of Group activities into the aforementioned 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 segment. emagine comprises the placement of freelance IT specialists and engineers.

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), amongst others. 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 pages 116-117 for further details on individual items of the business segments. Disclosures concerning revenue from external clients for each group of comparable products and services are also included.

The reconciliation calculations of the segment figures to the respective figures of the consolidated financial statements are shown below:

¬ RECONCILIATION CALCULATIONS

	2014 € thsd.	adjusted 2013[1] € thsd.
Total segment revenue	366,701	266,547
Elimination of inter-segment revenue	–1,395	–2,278
Occasionally occurring revenue	14	16
Group revenue	**365,320**	**264,285**
Total segment results (EBT)	29,726	19,761
Non-attributed expenses/income of Group HQ	–1,223	–1,091
Others	–1,435	–1,151
Group result before taxes	**27,068**	**17,519**

	31/12/2014 € thsd.	31/12/2013[1] € thsd.
Total segment assets	284,656	194,750
Non-attributed assets of Group HQ	607	293
Securities	121	1,474
Assets from income taxes	6,399	6,063
Others	9,870	3,797
Group assets	**301,653**	**206,377**
Total segment liabilities	176,722	110,220
Non-attributed liabilities of Group HQ	330	321
Liabilities from income taxes	14,797	8,266
Others	9,393	422
Group liabilities	**201,242**	**119,229**

1 The adjustment was due to the changed management approach regarding foreign holding companies which have been reclassified to the operating segments. In addition, the management approach was changed with respect to the holding costs and income directly attributable to the segments.

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 trade fair appearance of CODE_n and activities in connection with the construction of a new administration building. 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	
	2014 € thsd.	2013 € thsd.	31/12/2014 € thsd.	31/12/2013 € thsd.
UK	121,810	61,018	60,064	64
Germany	78,530	83,345	40,787	35,775
Italy	50,203	27,769	30,789	32,669
France	36,879	39,004	72	74
Spain	30,741	26,188	4,576	2,017
USA	26,169	10,620	5,594	4,866
Switzerland	10,455	9,622	135	81
Poland	–	–	887	–
Other foreign countries	10,533	6,719	728	330
Total[1]	**365,320**	**264,285**	**143,632**	**75,876**

1 According to client location

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

	Revenue		Segments in which this revenue is generated	
	2014 € thsd.	2013 € thsd.	2014	2013
Client 1	147,037	102,214	GFT, emagine	GFT, emagine

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

¬ SEGMENT REPORT
As at 31/12/2014

	GFT		emagine	
	31/12/2014 € thsd	31/12/2013* € thsd	31/12/2014 € thsd	31/12/2013* € thsd
External sales	279,222	174,044	86,084	90,225
Inter-segment sales	352	692	1,043	1,586
Total revenues	**279,574**	**174,736**	**87,127**	**91,811**
Scheduled depreciaton and amortisation	–6,199	–2,510	–158	–193
Signifi cant non-cash income/expenditure other than depreciation	–10	248	0	0
Interest income	651	195	3	2
Interest expenses	–1,926	–467	–106	–53
Share of net profits of associated companies reported according to the equity method	–12	–9	0	0
Segment result (EBT)	**28,064**	**18,684**	**1,662**	**1,077**
Assets	254,302	163,254	30,354	31,496
Investment in associates reported according to the equity method	9	21	0	0
Investment in non-current intangible and tangible assets	44,951	26,717	50	78
Liabilities	159,806	92,260	16,916	17,960

* *We refer to note 20 of the Consolidated Financial Statements*

Total		Reconciliation		GFT Group	
31/12/2014 € thsd	31/12/2013* € thsd	31/12/2014 € thsd	31/12/2013* € thsd	31/12/2014 € thsd	31/12/2013* € thsd
365,306	264,269	14	16	365,320	264,285
1,395	2,278	–1,395	–2,278	0	0
366,701	**266,547**	**–1,381**	**–2,262**	**365,320**	**264,285**
–6,357	–2,703	–202	–136	–6,559	–2,839
–10	248	–706	113	–716	361
654	197	–295	238	359	435
–2,032	–520	658	–51	–1,374	–571
–12	–9	0	0	–12	–9
29,726	**19,761**	**–2,658**	**–2,242**	**27,068**	**17,519**
284,656	194,750	16,997	11,626	301,653	206,377
9	21	0	0	9	21
45,001	26,795	4,820	2,533	49,821	29,328
176,722	110,220	24,520	9,009	201,242	119,229

21. Other operating income

This item includes:

	2014 € thsd.	2013 € thsd.
Income from the adjusted expected value of GFT Financial Solutions AG, Switzerland (formerly Asymo)	254	2,420
Other income from the CeBIT fair appearance of CODE_n	821	767
Benefits in kind – employee private motor vehicle use	311	259
Income from the lowering of value adjustments and intakes on receivables written off	27	250
Income from the disposal of securities	276	53
Social insurance rebates	57	25
Income from exchange rate differences	639	21
Income from the adjusted expected value of G2	132	–
Income from exchange rate differences G2 Systems USA	0	18
Out-of-period income	20	16
Income from derecognition of liabilities	388	9
Insurance recoveries	1	2
Income from arrears penalties	345	–
Reversals of provisions	308	–
Other	671	477
Total	**4,250**	**4,317**

Other operating income attributable to another financial year amounted to €1,568 thousand (prev. year: €2,479 thousand). It comprises the adjustment of the expected value for G2 Systems (€0 thousand; prev. year: €18 thousand), the adjustment of the expected value for GFT Financial Solutions (formerly Asymo) and G2 Systems (€386 thousand; prev. year: €2,420 thousand), social security rebates (€57 thousand; prev. year: €25 thousand), the reversal of provisions (€308 thousand; prev. year: €0 thousand), income from arrears penalties (€345 thousand; prev. year: €0 thousand), written-off receivables (€388 thousand; prev. year: €9 thousand) and other out-of-period income (€27 thousand; prev. year: €7 thousand).

22. Costs of purchased services

The cost of purchased services for the total company comprise expenses for services rendered by freelancers (consultants, software developers) and subcontractors (€125,130 thousand; previous year €108,559 thousand).

23. Personnel expenses

Personnel expenses include expenses for the GFT Group's own personnel. These amounted to €165,099 thousand (prev. year: €110,682 thousand). For the expenses for retirement pensions we refer to note 15 of the consolidated financial statements.

24. Depreciation and amortisation

As in the previous year, depreciation and amortisation of non-current intangible assets and property, plant and equipment in the financial year 2014 does not include any write-downs on goodwill due to impairment. Depreciation and amortisation amounted to €6,559 thousand (prev. year: €2,839 thousand). The year-on-year increase resulted from the business combination in 2014 and the related revaluation of intangible assets (software, client base).

The item amortisation of securities includes expenses in connection with the valuation of securities belonging to assets of €0 thousand (prev. year: €105 thousand). Securities were measured at amortised cost.

25. Other operating expenses

Other operating expenses comprise the following items:

	2014 **€ thsd.**	**2013** **€ thsd.**
Operating expenses	11,778	7,277
Distribution expenses	14,819	10,471
Administrative expenses	15,055	8,317
Currency losses	647	580
Taxes not dependent on income	764	666
Expenses in connection with the acquisition of companies	1,066	718
Value adjustments and uncollectable receivables	216	104
Out-of-period expenses	2	43
Project losses, contract penalties, warranties	0	273
Other operating expenses	341	305
Total	**44,686**	**28,753**

26. Research and development expenses

In the financial year 2014, total expenses for research and development amounted to €2,137 thousand (prior year €2,065 thousand). The Group only discloses expenses from the development of new technologies and processes in this item.

Research and development costs of €314 thousand were capitalised by GFT Italia S.r.l. in 2014. These capitalised expenses are not included in the aforementioned expense. They refer to self-used project management software for processing external projects.

27. Interest income, interest expenses

The interest result is broken down as follows:

	2014 € thsd.	2013 € thsd.
Other interest and similar income		
Interest on bank balances	186	195
Interest from securities	33	194
Other interest income	139	46
Total	**358**	**435**
Interest and similar expenses		
Interest on financial liabilities	–1,234	–245
Other interest expenses	–140	–326
	–1,374	**–571**
Interest result of whole company	**–1,016**	**–136**

28. Business combinations during the financial year 2014

Compared to the consolidated financial statements as of 31 December 2013, the following changes have resulted for the consolidated group and the subsidiaries:

In an agreement dated 26 June 2014, GFT UK Ltd., London/UK, acquired a 97.93% stake in the UK-based IT service company Rule Financial Ltd., London/UK. The first tranche of the purchase price payment amounting to €43,723 thousand was made on 26 June 2014.

In November 2014 and December 2014, further tranches of €16.808 thousand and €421 thousand were paid. The acquisition of the company was closed on 26 June 2014 and GFT AG has since indirectly controlled the purchased company via GFT UK Ltd.

By the end of the reporting period 2014, a further 1.90% had been acquired for which payment was still due on the balance sheet date. At the time of closing, a put/call option was agreed for 0.17% of shares which is carried at €180 thousand as of the balance sheet date.

By exercising the option to apply the anticipated acquisition method, the transaction is already treated as an acquisition of all outstanding shares in Rule Financial Ltd. as of 26 June 2014.

Founded in 1997 and with facilities in the USA, Canada, Poland, Spain and Costa Rica, Rule Financial Ltd. offers IT services for investment banks. The main focus of its offerings is business consulting and IT services. Its clients include nine of the world's ten leading investment banks. With over 660 employees and a further 150 freelancers, the company generated revenues of €60,000 thousand in its financial year 2013 with earnings before interest, taxes, depreciation and amortisation (EBITDA) of €2,710 thousand and earnings before interest and taxes (EBIT) of €1,560 thousand.

The main motivation for the acquisition was to strengthen the position of the GFT Group as an IT specialist for banks, to enhance the portfolio and to add high-quality consulting expertise on the UK and US markets.

Further reasons included:

a) The high level of skill and motivation of employees at Rule Financial Ltd.
b) Expected synergies between the GFT Group and Rule Financial Ltd. in the joint tapping of customers on the UK, Polish and US markets.
c) Positioning of selected expertise of Rule Financial Ltd. among European clients of the GFT Group (credit products)
d) Expansion of positioning in the field of investment banking in the UK and USA.
e) The acquisition of an attractive nearshore centre in Poland.

In total, the acquisition is intended to drive the continued internationalisation of the GFT Group.

The goodwill resulting from the purchase amounts to €38,562 thousand, which not only reflects the considerable synergy effects and expected cross-selling effects, but also the expected growth in the portfolio of the GFT Group. Goodwill is not tax deductible.

The transaction costs for the acquisition amount to €1,066 thousand and were recognised in profit or loss as other operating expenses.

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

	Present value at time of acquisition in € thsd.
Goodwill	38,562
Intangible assets	21,900
Office and factory equipment	2,078
Order backlog	1,655
Receivables	17,791
Other assets	2,240
Cash and cash equivalents	2,230
Total assets	**86,456**
Provisions for pensions	25
Other provisions	6,544
Deferred tax liabilities	4,724
Trade payables	582
Financial liabilities	3,076
Other liabilities	8,150
Total liabilities	**23,101**

The acquired intangible assets comprise client relations (€20,739 thousand), software (€1,098 thousand) and other assets (€63 thousand).

The acquired receivables refer to trade receivables. The fair value of acquired receivables amounts to €17,791 thousand, while the gross amount is €18,520 thousand. Adjusted receivables as of the purchase date amount to €729 thousand. In accordance with IFRS 3.23, no other contingent liabilities were recognised. As of 31 December 2014, there were no significant changes to contingent liabilities.

Since the date of acquisition (i.e. 26 June 2014), Rule Financial Ltd. has generated third-party sales of €38,394 thousand and contributed €–1,131 thousand to the consolidated operating result as of 31 December 2014. If the acquisition had already taken place on 1 January 2014, third-party sales of €75,829 thousand and an earnings contribution of approx. €–2,879 thousand would have been generated.

29. Statement of cash flows

The GFT Group's statement of cash flows for the financial year 2014 is shown separately. The additional information as per IAS 7 is indicated as follows:

The financial fund on which the statement of cash flows is based comprises cash and cash equivalents and is reconciled with the balance sheet items of the same name as follows:

	31/12/2014 € thsd.	31/12/2013 € thsd.
Cash	3	2
Short-term cash deposits with banks	38,126	47,147
	38,129	**47,149**

The disclosures on the purchase of subsidiaries and other legal entities in the year 2014 have the following result:

	Purchase price	Share of cash in the purchase price	Cash acquired	Other assets acquired	Liabilities assumed
	€ thsd.	%	€ thsd.	€ thsd.	€ thsd.
Acquisition of companies	63,355	96.2	2,230	84,226	23,101
				thereof	thereof
Non-current assets				62,783	
Current assets				21,443	
Non-current liabilities					10,962
Current liabilities					12,139

30. Earnings per share

Earnings per share of the GFT Group in accordance with IAS 33 are shown in the following tables.

	2014 €	2013 €
Basic earnings per share	0.76	0.52
¬ profit for the period considered	19,954,771.84	13,628,347.45
¬ number of ordinary shares considered	26,325,946	26,325,946
Diluted earnings per share	0.76	0.52
¬ profit for the period considered	19,954,771.84	13,628,347.45
¬ number of ordinary shares considered	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 2013 and 2014 as the conditional capital was not exercised.

31. Reporting on financial instruments

Information on financial instruments according to categories
The table on pages 130-131 shows 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 at the end of the reporting period, 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 at the end of the reporting period do not vary significantly from the fair values.

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 table on pages 130-131.

The fair values of Level 3 were measured using the following valuation model:

The valuation model takes into account the present value of the expected payment, discounted using a risk-adjusted discount rate. The expected payment is calculated taking account of the possible scenarios of predicted EBITDA, the amount to be paid in each of these scenarios, and the probability of each of these scenarios.

The main non-observable input factors include the expected development of revenue and earnings.

The relationship between material, non-observable input factors and measurement at fair value is as follows:

The estimated fair value would increase (decrease) if revenue and earnings increase (decrease) relative to the expected value.

The reconciliation of fair values of Level 3 is as follows:

	2014 € thsd.
Balance as of 1 January 2014	12,124
Payment of conditional purchase price G2 and Asymo	–1,024
Interest on subsequent purchase price Sempla	433
From company acquisition	180
Balance as of 31 December 2014	**11,713**

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

Income, expenses, profits and losses from financial instruments

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

	2014 € thsd.	2013 € thsd.
Net profits/losses from financial assets measured at fair value through profit or loss	0	–40
Net profits/losses from the disposal of available-for-sale financial assets		
¬ profit/loss which directly recognised in other comprehensive income (market assessment reserve).	38	454
¬ amount reclassified from equity (market assessment reserve) to the income statement	0	–82
Net profits/losses from loans and receivables:	**–689**	**–85**
¬ Expenses from impairment	–716	–118
¬ Income from reversals of impairment loss	27	33
¬ Derecognition	–	–
Net profits/losses from financial liabilities valued at amortised cost	**–**	**–**

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 “Write-downs on securities” (see also Appendix 4 of the notes to the consolidated financial statements). Interest income and expenses from financial assets and liabilities measured at fair value through profit or loss are included in the financial result of the income statement.

The net profits or losses from available-for-sale financial assets comprise the effects on net income due to disposals, impairment or reversal of an impairment loss recognised in profit or loss of the securities and investments classified as available for sale. We refer to points 13 and 21 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:

	2014 € thsd.	2013 € thsd.
Total interest income (whole company)	31	129
Total interest expenses (whole company)	–	–

For a statement of impairment loss on trade receivables, please refer to “The development of valuation allowance” in point 12 of the notes to the consolidated financial statements. In the case of other financial assets, impairment losses of €0 thousand were recognised in profit and loss (prev. year: €0 thousand).

In the reporting period, as in the previous year, no impairments on investments or on securities in the “available for sale” category were recognised in profit or loss. We refer to our explanations in point 14 of the notes to the consolidated financial statements.

General information on risks arising from financial instruments
The GFT Group is exposed to various risks in connection with financial instruments, which are detailed below. The risk report within the consolidated management report (point 9) also contains statements on the risks arising from financial instruments which we hereby refer to.

The GFT Group 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. The Group is exposed to losses from credit risks in connection with the in-vestment 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. The GFT Group 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:

	31/12/2014 in € million	31/12/2013 in € million
Neither overdue nor value-adjusted receivables	95.4	64.2
Overdue receivables which have not been value adjusted		
¬ Less than 90 days	9.3	7.4
¬ 90 to 180 days	3.0	0.7
¬ 180 to 360 days	0.6	0.4
¬ More than 360 days	1.3	1.4
Value-adjusted receivables	–1.4	–1.1
Carrying amount	**108.2**	**73.0**

There are receivables, which are neither overdue nor value-adjusted, amounting to €95.2 million due from customers with very good credit ratings. Of total value-adjusted receivables, an amount of €77 thousand adjusted individually. These individual value adjustments refer to disputed receivables of €77 thousand.

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; the GFT Group 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 the above mentioned classes.

There are risk concentrations in the area of credit risk as follows:

	31/12/2014 in € million	31/12/2013 in € million
Carrying amount	**108.2**	**73.0**
Concentration according to customers:		
¬ Receivables from 5 biggest customers	37.7	27.7
¬ Receivables from rest of customers	70.5	45.3
Concentration according to regions:[1]		
¬ Germany	16.8	15.1
¬ Europe (outside Germany)	78.7	47.8
¬ Rest of the world	12.7	10.1

1 According to client location

¬ INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CLASS

	31/12/2014						
	Valued at amortised cost		Valued at fair value				Total
	Carrying amount	Fair value	Carrying amount	Fair value			
				Level 1 [1]	Level 2 [2]	Level 3 [3]	
Financial assets							
Loans and receivables							
Receivables from goods and services rendered	98,654	98,654					98,654
Amounts due from customers for production work	9,562	9,562					9,562
Cash and cash equivalents	38,129	38,129					38,129
Other long-term financial assets	765	765					765
Other short-term financial assets	1,023	1,023					1,023
Total							148,133
Available-for-sale financial assets							
Dividend-bearing securities			0	0			0
Total							0
Measured at fair value through profit or loss							
Dividend-bearing securities			121	121			121
Total							121
Financial liabilities							
Other financial liabilities							
Trade payables	20,795	20,795					20,795
Other short-term financial liabilities	3,614	3,614					3,614
Other long-term financial liabilities	1,109	1,109					1,109
Financial liabilities	80,163	80,163					80,163
Financial liabilities from subsequent purchase price payments			11,713			11,537	11,713
Total							**117,394**

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 that are observable for the assetor 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).

31/12/2013						
Valued at amortised cost		Valued at fair value				Total
Carrying amount	Fair value	Carrying amount	Fair value			
			Level 1[1]	Level 2[2]	Level 3[3]	
68,476	68,476					68,476
4,534	4,534					4,534
47,149	47,149					47,149
541	541					541
811	811					811
						121,511
		1,354	1,354			1,354
						1,354
		120	120			120
						120
21,780	21,780					21,780
1,250	1,250					1,250
573	573					573
27,739	27,739					27,739
		12,124			12,003	12,124
						63,466

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

The GFT Group mainly generates funds from its operating business and external financing. The funds are mainly used to finance working capital and investments. The GFT Group controls its liquidity by holding cash and cash equivalents to a sufficient extent, in addition to the inflow of cash from the operating business, and maintains credit lines with banks. Liquid funds are mainly composed of cash and cash equivalents.

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 department. 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				
as of 31/12/2014	31/12/2014 in € thsd.	up to 1 month in € thsd.	of 1 to 3 months in € thsd.	from 3 months to 1 year in € thsd.	of 1 to 5 years in € thsd.	of more than 5 years in € thsd.
Liabilities due to banks	80,163	279	270	45,483	14,263	19,866
Trade payables	20,794	17,842	2,499	47	406	
Other financial liabilities	4,543	3,434			1,109	
Financial liabilities from purchase price payments	11,713			188	13,964	
	117,213					

	Carrying amount	Cash flows				
as of 31/12/2013	31/12/2013 in € thsd.	up to 1 month in € thsd.	of 1 to 3 months in € thsd.	from 3 months to 1 year in € thsd.	of 1 to 5 years in € thsd.	of more than 5 years in € thsd.
Liabilities due to banks	27,739			732	14,006	13,000
Trade payables	21,780	19,805	1,886	89		
Other financial liabilities	1,823	1,250		573		
Financial liabilities from purchase price payments	12,124			1,024		13,964
	63,466					

The liquidity kept in reserve, the credit lines and the ongoing operative cash flow give the GFT Group sufficient flexibility to cover the Group's refinancing needs. There is a concentration of risk regarding cash outflows in the period three months to one year after the balance sheet date. The cash outflow is mainly due to expiring bank loans. The total amount of outgoing liquidity during this period amounts to €45,718 thousand. The amount is calculated on the basis of liquidity management.

The promissory note loans ("Schuldscheindarlehen") totaling €25,000 thousand agreed on 27 November 2013 include various covenants whose non-observance may lead to the premature maturity of the loan. There was no non-observance of these covenants at any time.

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. The GFT Group 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.

The GFT Group is also exposed to exchange rate risks due to its international alignment. 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 include any exchange rate risk.

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

¬ The revenue of the GFT Group is generated virtually exclusively in euro (2014 approximately 77%, 2013 approximately 86%), which is the functional currency of the invoicing company. In addition to customers in the euro zone, this also applies to sales with customers in UK, Brazil and the USA.

¬ Sales through customers in Switzerland (corresponding to about 3% of total revenue, prev. year 4%), are normally invoiced in Swiss francs, which is the functional currency of the Swiss national company, and so no exchange rate risk is incurred.

¬ Revenue from clients in England (corresponding to about 11% of total revenue, prev. year 4%) are invoiced in UK pounds and euro. The functional currency of GFT UK Limited is euro, the functional currency of Rule Financial Limited and Emagine Consulting Limited is British pounds.

¬ Revenue from clients in the USA (corresponding to about 8% of total revenue, prev. year 4%) are normally invoiced in US dollars, which is the functional currency of the US national company. As a result, no exchange rate risk is incurred.

¬ Revenue from clients in Brazil (corresponding to about 1% of total revenue, prev. year 1%) are normally invoiced in Brazilian real, which is the functional currency of the US national company. As a result, no exchange rate risk is incurred.

¬ The purchases of the GFT Group (mainly outside services, staff) are also carried out virtually exclusively in the functional currency of the procuring company (in practice largely in Euro).

Effects may arise from the currency conversion within the scope of consolidation from the conversion from the balance sheet and income statement of subsidiaries whose functional currency is not the euro. These currency conversion effects increased by €1,290 thousand as of 31 December 2014. The development in financial year 2014 was mainly the result of the development of the Swiss franc, the UK pound and the US dollar.

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 2014 and 2013 exchange rate hedging, e.g. through derivative financial instruments, was not necessary and was not carried out. A change in the UK pound of one percentage point results in an effect on profit or loss of €35 thousand. In the case of the US dollar, this effect amounts to €45 thousand.

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, the GFT Group 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 €40 thousand. 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 €1 thousand to €2 thousand per percentage point change in interest), whereas the impact on the fair value of the securities may be considerable. Original financial liabilities with a variable rate of interest amount to €9,000 thousand. An increase in the interest rate of one percentage point would raise the interest expense by €90 thousand.

Interest risk hedging was not necessary in 2014 and 2013 and thus not conducted.

As the GFT Group does not hold any shares in listed companies and other financial instruments are also not dependent on share prices or share price indexes, there is no share price risk.

32. Other financial obligations

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

	31/12/2014 € thsd.	31/12/2013 € thsd.
Obligations from temporary rental, leasing and licensing contracts at nominal value:		
¬ due in the following year	5,443	3,816
¬ due in 2-4 years	12,603	5,537
¬ due in 5 or more years (excluding obligations unlimited in time)	6,013	2,315
	24,059	**11,668**
Annual obligations from open-ended rental contracts:	530	640

Payments under operating leases that are recorded as expense in the period under review total €10,062 thousand (prior year €7,351 thousand). All lease agreements of the GFT Group qualify as operating leases from a commercial point of view, so that leased objects are attributed to the lessor, not the GFT Group, 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 of 31 December 2014. Operating leases for vehicles and office equipment have terms of between three and seven years. Agreements usually terminate automatically at the end of the term of the agreement.

Order commitments for intangible assets as of 31 December 2014 amount to €0 thousand (prev. year: €24 thousand). Order commitments for property, plant and equipment amount to €832 thousand (prev. year: €42 thousand).

At the end of the reporting period, there are contingent liabilities from tax risks amounting to approximately €200 thousand to €600 thousand.

33. 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 Ms Maria Dietz, an authorised signatory of GFT AG. Ulrich Dietz and Maria Dietz have informed the company that they held 29.9% and 9.7% of voting rights in GFT Technologies AG, respectively, as of 1 April 2002. As of 31 December 2014, Ulrich Dietz holds 28.1% (prev. year: 28.1%) and Maria Dietz 9.7% (prev. year: 9.7%) 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 2014 as well as during the financial year 2013.

We refer to the following section on “Executive bodies of the parent company” regarding the composition of related parties of the Executive Board and Supervisory Board, as well as 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 related company of the GFT Group (associated company since 1 March 2008, previously fully consolidated). Relations to eQuadriga Software Private Limited have existed since 1 March 2008, primarily within the context of service procurements (above all procurement of IT consulting and programming services). In the financial year 2014, services procured from eQuadriga Software Private Limited amounted to a total of €38 thousand (prev. year: €80 thousand); the services were invoiced at customary market conditions. As of 31 December 2014, trade payables include liabilities due to eQuadriga Software Private Limited of €3 thousand (prev. year: €6 thousand).

34. Executive bodies of the parent company

Executive Board

Mr Ulrich Dietz, Chairman of the Executive Board (Chief Executive Officer), responsible for the corporate functions Strategy, Marketing, Communication, Investor Relations and Internal IT

External mandates
- Deutsche Bank AG, Stuttgart, Germany *(Advisory Committee)*
- Unternehmerbeirat Baden-Württemberg International, Germany *(Chair)*
- viastore systems GmbH *(Advisory Committee)*

Group mandates
- GFT Iberia Holding S.A.U., Spain *(Chair)*
- GFT IT Consulting S.L.U., Spain *(Chair)*
- GFT Appverse S.L.U., Spain *(Chair)*

Ms Marika Lulay, Member of the Executive Board (Chief Operating Officer), responsible for the GFT division

Group mandates
- GFT Iberia Holding S.A.U., Spain *(Deputy Chair)*
- GFT IT Consulting S.L.U., Spain *(Deputy Chair)*
- GFT Appverse S.L.U., Spain *(Deputy Chair) until 11 March 2014*
- GFT Brasil Consultoria Informática Ltda., Brazil *(Chair)*
- GFT Technologies (Schweiz) AG, Switzerland *(Chair)*
- GFT Financial Solutions AG, Switzerland *(Chair)*

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

External mandates
- G. Elsinghorst Handelsgesellschaft mbH, Bocholt, Germany

Group mandates
- GFT Iberia Holding S.A.U., Spain
- GFT IT Consulting S.L.U., Spain
- GFT Appverse S.L.U., Spain
- GFT Holding Italy S.r.l, Italy
- GFT Italia S.r.l., Italy

Mr Jean-François Bodin, Member of the Executive Board, responsible for the emagine division

Total remuneration for the Executive Board for the 2014 fiscal year amounted to €2,613 thousand (prev. year: €2,679 thousand); of this total, an amount of €1,602 thousand is disclosed as short-term provisions as of 31 December 2014. 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 conjunction with Section 286 (5) HGB and does not disclose the remuneration of individual Executive Board members.

Supervisory Board

Dr Paul Lerbinger, former CEO of HSH Nordbank AG, Chairman of the Supervisory Board

External mandates
- MainFirst Bank Aktiengesellschaft, Frankfurt/Main, Germany
- MainFirst Holding AG, Zurich, Switzerland *(member of the Advisory Board until 25 November 2014)*

Dr Peter Opitz, Lawyer, Deputy Chairman of the Supervisory Board

Dr Ing Andreas Bereczky, Production Director Zweites Deutsches Fernsehen, Mainz, Germany

External mandates
- Software AG, Darmstadt, Germany *(Chair)*

Mr Andreas Bernhardt, Sole Proprietor (Executive Advice), Erdmannshausen, Germany, CEO of ND Satcom GmbH, Immenstaad, Germany

Prof Dr Hans-Peter Burghof, Holder of the Chair of Banking and Financial Services, University of Hohenheim, Stuttgart, Germany

External mandates
- Member of the Exchange Council of Baden-Württembergische Wertpapierbörse in Stuttgart, Germany

Dr Thorsten Demel, Business Consultant

External mandates
- Pago eTransaction GmbH, Cologne *until 27 August 2014*

Total remuneration for the Supervisory Board for the 2014 fiscal year amounted to €98 thousand (prev. year: €83 thousand). It consists exclusively of fixed, non-performance-related compensation. As in the previous year, no further compensation was paid nor benefits granted to the members of the Supervisory Board in the financial year 2014.

Total remuneration for the Advisory Committee for the 2014 fiscal year amounted to €0 thousand (prev. year: €40 thousand) and is disclosed as a current liability as of 31 December 2014. It consists exclusively of fixed, non-performance-related compensation. As in the previous year, no further compensation was paid nor benefits granted to the members of the Advisory Committee in the financial year 2014.

35. Employees

In the 2014 financial year there were 2,954 employees on average, compared to 1,790 in 2013. The figures per region were as follows:

	31/12/2014	31/12/2013
Germany	334	283
Brazil	242	155
France	18	19
UK	145	41
Switzerland	35	41
Spain	1,232	1,007
Italy	453	221
USA	53	23
Canada	8	–
Costa Rica	34	–
Poland	400	–
Average number of employees	**2,954**	**1,790**

The number of employees at year-end amounted to 3,248 (prev. year: 2,111).

36. Auditing fees

The auditing fees invoiced by the auditors of the consolidated accounts, KPMG AG Wirtschaftsprüfungsgesellschaft, for the reporting period totalled:

	2014 € thsd.	2013 € thsd.
Auditing of financial statements (thereof €42 thousand for auditing services in previous years (prev. year: €0 thousand))	215	162
Other certification services	26	25
Tax consulting services	17	–
Other services	468	57
	726	**244**

37. Events after the balance sheet date

No significant events have occurred during the year up to 24 March 2015 with a direct effect on the Group's financial position and performance. We refer to the information in the Group Management Report.

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

18 December 2014 – GFT Technologies Aktiengesellschaft
Publication of a notification pursuant to Section 26(1) German Securities Trading Act
In accordance with section 21(1) German Securities Trading Act, Dr Markus Kerber, Germany, notified us on 16 December 2014 that his share of voting rights in GFT Technologies Aktiengesellschaft, Stuttgart, Germany, fell below the 5% threshold on 11 December 2014 and reached 4.999999% (this corresponds to 1,316,293 of a total of 26,325,946 voting rights) on this day.

12 November 2014 – GFT Technologies Aktiengesellschaft
Publication of a notification pursuant to Section 26(1) German Securities Trading Act
In accordance with section 21(1) German Securities Trading Act, LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, Germany, notified us on 12 November 2014 that its share of voting rights in GFT Technologies Aktiengesellschaft, Stuttgart, Germany, fell below the 3% threshold on 7 November 2014 and reached 2.67% (this corresponds to 703.980 of a total of 26,325,946 voting rights) on this day.

Of these voting rights, 2.57% (675.730 voting rights) are to be attributed to LBBW Asset Management Investmentgesellschaft mbH pursuant to section 22 (1) sentence 1 no. 6 WpHG.

11 November 2014 – GFT Technologies Aktiengesellschaft
Publication of a notification pursuant to Section 26(1) German Securities Trading Act
Correction of a Voting Rights Publication of 7 November 2014.

On 10 November the Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen, Germany, sent us a correction of their notification of 6 November 2014 (published on 7 November 2014).

In accordance with section 21(1) German Securities Trading Act, the Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen, Germany, notified us on 10 November 2014 that its share of voting rights in GFT Technologies Aktiengesellschaft, Stuttgart, Germany, fell below the 3% threshold on 5 November 2014 and reached 2.99% (this corresponds to 787,047 of a total of 26,325,946 voting rights) on this day.

7 November 2014 – GFT Technologies Aktiengesellschaft
Publication of a notification pursuant to Section 26(1) German Securities Trading Act
In accordance with section 21(1) German Securities Trading Act, JPMorgan Asset Management (UK) Limited, London, United Kingdom, notified us on 6 November 2014 that their share of voting rights in GFT Technologies Aktiengesellschaft, Stuttgart, Germany, fell below the 3% threshold on 5 November 2014 and reached 2.98% (this corresponds to 785,030 of a total of 26,325,946 voting rights) on this day.

Of these voting rights, 2.98% (785,030 voting rights) are to be attributed to JPMorgan Asset Management (UK) Limited pursuant to section 22 (1) sentence 1 no. 6 German Securities Trading Act.

26 June 2007 – GFT Technologies Aktiengesellschaft
Publication of a notification pursuant to Section 26(1) German Securities Trading Act
KST Beteiligungs Aktiengesellschaft with its registered office in Stuttgart, Germany, disclosed in a letter dated 25 June 2007 pursuant to section 21 (1) of the Securities Trading Act that its voting stake in GFT Technologies AG, Stuttgart, Germany, fell below the 5% and 3% thresholds as of 20 June 2007, and now totalled 2.53% (this corresponds to 666,300 of a total of 26,325,946 voting rights).

3 April 2002 – GFT Technologies Aktiengesellschaft
Publication of a notification pursuant to Section 26(1) German Securities Trading Act
On 3 April 2002, GFT AG was informed by Mr Ulrich Dietz and Ms 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 of 1 April 2002. Ms Maria Dietz, domiciled in St Georgen, informed us on 3 April 2002, pursuant to section 41 (2), No. 1 of the German Securities Trading Act, that 9.67% of the voting rights in GFT Technologies AG are imputable to her as of 1 April 2002.”

39. Issuance of the Statement on the German Corporate Governance Code pursuant

to Section 161 AktG

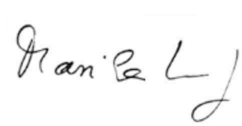
On 10 December 2014, the Executive Board and the Supervisory Board issued the updated Declaration of Conformity pursuant to Section 161 AktG, and made it publicly available on the Company's website ***www.gft.com/corporate-governance-en*** as of 10 December 2014.

Stuttgart, 24 March 2015
GFT Technologies Aktiengesellschaft

¬ The Executive Board

Ulrich Dietz
Executive Board (Chair)

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, 24 March 2015
GFT Technologies Aktiengesellschaft

¬ The Executive Board

Ulrich Dietz
Executive Board (Chair)

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, 2014. 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 (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 fraework 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.

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 (1) HGB (and supplementary provisions of the shareholder agreement/articles of incorporation) 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, 24 March 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Original German version signed by:

Schwebler	**Bauer**
Wirtschaftsprüfer	Wirtschaftsprüfer

Annual Financial Statements of GFT Technologies AG (excerpt)

2.4

¬ BALANCE SHEET ACC. TO HGB

as at 31 December 2014
GFT Technologies Aktiengesellschaft, Stuttgart

¬ Assets

	31/12/2014 €	31/12/2013 €
A. Non-current assets		
I. Intangible assets		
1. Licences, industrial property rights and similar rights and values	268,758.00	339,977.00
		339,977.00
II. Tangible assets		
1. Other equipment, office and factory equipment	2,121,454.28	1,484,195.91
2. Prepaid expenses	42,016.81	0.00
	2,163,471.09	**1,484,195.91**
III. Financial assets		
1. Shares in affiliated companies	44,142,196.73	31,148,066.72
2. Loans to affiliated companies	65,404,398.87	17,100,000.00
3. Investments	86,697.86	86,697.86
4. Securities of non-current assets	121,180.18	119,814.34
	109,754,473.64	**48,454,578.92**
	112,186,702.73	**50,278,751.83**
B. Current assets		
I. Inventories		
Work in progress	9,184,934.31	7,056,071.38
II. Receivables and other current assets		
1. Trade receivables	5,043,750.94	6,920,340.18
2. Receivables from affiliated companies	19,818,246.17	20,869,135.57
3. Other assets	1,270,076.99	981,224.52
	26,132,074.10	**28,770,700.27**
III. Securities		
Other securities	0.00	1,301,800.00
IV. Cash balance, cash at banks	11,156,474.97	19,879,306.33
	46,473,483.38	**57,007,877.98**
C. Deferred tax assets	587,666.26	457,458.03
	159,247,852.37	**107,744,087.84**

¬ Shareholders' equity and liabilities

		31/12/2014 €	31/12/2013 €
A.	**Shareholders' Equity**		
I.	Share capital	26,325,946.00	26,325,946.00
	¬ Conditional capital €10,000,000.00 (prev. year €10,000,000.00)		
II.	Capital reserve	2,745,042.36	2,745,042.36
III.	Retained earnings		
	Other retained earnings	22,149,591.97	19,149,591.97
IV.	Net earnings	10,947,663.27	11,419,019.17
		62,168,243.60	**59,639,599.50**
B.	**Provisions**		
	1. Provisions for pensions	740,393.00	693,750.00
	2. Provisions for taxation	0.00	94,100.00
	3. Other provisions	9,552,382.94	8,195,229.23
		10,292,775.94	**8,983,079.23**
C.	**Liabilities**		
	1. Bank liabilities	70,000,000.00	25,000,002.10
	2. Advance payments on orders	9,982,850.88	7,423,891.16
	3. Trade liabilities	1,792,619.52	2,259,504.46
	4. Liabilities to affiliated companies	4,215,314.36	3,128,277.09
	5. Liabilities to participations	3,000.00	5,966.50
	6. Other liabilities	793,048.07	1,303,767.80
		86,786,832.83	**39,121,409.11**
		159,247,852.37	**107,744,087.84**

¬ INCOME STATEMENT ACC. TO HGB

as at 31 December 2014
GFT Technologies Aktiengesellschaft, Stuttgart

	2014 €	2013 €
1. Revenue	38,921,562.75	37,002,647.72
2. Change in inventories of work in progress	2,128,862.93	5,704,515.71
3. Other operating income		
¬ income from currency conversion	164,529.19	27,076.97
¬ other	15,652,083.50	11,968,889.95
	15,816,612.69	11,995,966.92
	56,867,038.37	54,703,130.35
4. Cost of materials:		
a) Cost of purchased goods	24.89	280.03
b) Costs of purchased services	18,737,074.14	21,445,501.23
	18,737,099.03	21,445,781.26
5. Personnel expenses:		
a) Salaries and wages	23,125,081.90	20,924,105.14
b) Social security and expenditures for retirement pensions	2,922,144.97	2,398,657.99
¬ of which for retirement pensions €28,779.24 (prev. year €31,145.77)		
	26,047,226.87	**23,322,763.13**
6. Depreciation on intangible assets and tangible assets	677,208.72	572,700.07
7. Other operating expenses		
¬ income from currency conversion	123,227.39	53,425.09
¬ other	15,369,821.64	10,282,448.48
	15,493,049.03	10,335,873.57
	–4,087,545.28	–973,987.68
8. Income (PY: expenses) from profit and loss transfer agreements	125,316.32	–55,842.73
9. Tax sharing payments from subsidiaries	89,032.79	12,300.00
10. Income from investments	12,305,861.04	10,764,069.99
¬ of which from affiliated companies €12,305,861.04 (prev. year €10,764,069.99)		
11. Income from other securities of financial assets	1,855.12	60,488.47
12. Other interest and similar income	1,670,905.47	285,204.43
¬ of which from affiliated companies €1,599,976.91 (prev. year €109,610.31)		
13. Depreciation on financial assets and on securities classified as current assets	0.00	23,535.67

	2014 €	2013 €
14. Interest and similar expenses		
¬ of which from affiliated companies €15,220.86 (prev. year €16,262.45)		
¬ Expenses from deduction of accrued interest	68,884.00	148,309.19
¬ other	1,020,471.82	59,616.58
	1,089,355.82	207,925.77
Financial result	13,103,614.92	10,834,758.72
15. Result from ordinary business activities	9,016,069.64	9,860,771.04
16. Taxes on income	–102,442.15	–12,456.70
17. Other taxes	8,381.19	8,317.58
18. Net income	9,110,130.60	9,864,910.16
19. Loss carried forward from previous year	4,837,532.67	5,554,109.01
20. Allocations to retained earnings		
¬ to other retained earnings	–3,000,000.00	–4,000,000.00
21. Net earnings	**10,947,663.27**	**11,419,019.17**

¬ FINANCIAL CALENDAR
2015

13 *day*	23 *day*	13 *day*	12 *day*
May *month*	June *month*	August *month*	November *month*
’15 *year*	’15 *year*	’15 *year*	’15 *year*
Quarterly Financial Report *as of 31 March 2015*	**Annual General Meeting**	**Quarterly Financial Report** *as of 30 June 2015*	**Quarterly Financial Report** *as of 30 September 2015*

¬ 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 AG share.

The Annual Report 2014 is also available in German. The online versions of the German and English Reports are available on *www.gft.com/ir*.

GFT Technologies AG

Investor Relations
Jutta Stolp
Schelmenwasenstraße 34
70567 Stuttgart
Germany
T +49 711 62042-591
F +49 711 62042-301

ir@gft.com

¬ KEY FIGURES ACCORDING TO IFRS

		2014	2013	2012	Continued operations 2011	Continued operations 2010
Income statement						
Revenue	€m	365.32	264.29	230.69	272.38	248.26
Earnings before interest, tax, depreciation and amortisation (EBITDA)	€m	34.64	20.49	13.35	11.84	12.05
Earnings before interest and taxes (EBIT)	€m	28.08	17.65	11.79	10.49	10.88
Earnings before taxes (EBT)	€m	27.07	17.52	12.11	11.05	11.55
Net income	€m	19.95	13.63	8.34	8.29	8.25
Balance sheet						
Non-current assets	€m	148.61	80.64	44.98	45.35	29.49
Cash, cash equivalents and securities	€m	38.25	48.62	40.42	39.68	40.32
Other current assets	€m	114.79	77.11	47.08	53.25	58.77
ASSETS	€m	301.65	206.38	132.48	138.28	128.58
Non-current liabilities	€m	60.63	48.46	7.22	8.59	2.09
Current liabilities	€m	140.61	70.77	47.06	54.07	55.22
Shareholders' equity and liabilities	€m	100.41	87.15	78.21	75.62	71.27
LIABILITIES	€m	301.65	206.38	132.48	138.28	128.58
Equity ratio	%	33	42	59	55	55
Cash flow						
Cash flow from operating activities	€m	15.21	7.44	5.61	12.35	7.31
Cash flow from investing activities	€m	–67.92	–16.84	1.75	2.28	–14.65
Cash flow from financing activities	€m	42.77	20.86	–3.95	–3.95	–2.63
Employees						
Employees (absolute figures as of 31 December)	no.	3,248	2,111	1,386	1,337	1,300
Share						
Earnings per share	€	0.76	0.52	0.32	0.31	0.31

Imprint

Concept
GFT Technologies AG, Stuttgart,
www.gft.com

Text
GFT Technologies AG, Stuttgart,
www.gft.com

Creative concept and design
Strichpunkt, Stuttgart/Berlin,
www.strichpunkt-design.de

Photography
Pavlo Yakovenko, São Paulo
Oliver Heimann, Lich
Elisabeth Wiesner, Regensburg
Michael Dannenmann, Düsseldorf
Enrico Fochi, Mailand
Urszula Czapla, Lodz
Miquel Llonch, Terrassa
Richard Davies, London
Victor & Joe – Photo Mission Ltd., New York
David Levene, London