

Q3/2008

# Interim Financial Report

## GFT Group Summary

Financial Figures according to IFRS in €(k)	01/01-30/09/2008	01/01-30/09/2007
Revenue	177,453	176,295
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4,981	9,332
Total depreciation	1,197	996
Earnings before interest and taxes (EBIT)	3,784	8,336
Earnings before taxes (EBT)	4,336	8,721
Net income as at 30 September	2,583	5,710
IAS earnings per share, in €	0.10	0.22
Non-current assets	30,068	30,982
Cash, cash equivalents and securities	17,893	22,839
Other current assets	56,814	54,645
Balance sheet totals	104,775	108,466
Equity ratio, in %	57%	51%
Number of permanent employees as at 30 September	1,015	1,077

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## Interim Financial Report

as at 30 September 2008

GFT Technologies Aktiengesellschaft, Stuttgart

### 1. Business conditions

#### Macroeconomic development

After years of steady growth, the global economy experienced considerable turbulence in the third quarter of 2008. The world-wide crisis on the financial markets, as well as the continuously high energy and raw materials prices, have pushed some of the world's leading industrial nations to the brink of recession, at the same time growth in the emerging nations is slowing down. The banking crisis that started in the USA in August 2007 with the subprime crisis, has spread to the global financial industry in the course of the past six months. In September, it entered its most turbulent phase to date, the effects of which were increasingly spilling over into the real economy. In light of the most severe crisis on the financial markets since the 1930s, the International Monetary Fund (IMF) believes that the world economy is experiencing a downturn. Thus, global growth has been slowing significantly in 2008 and is not likely to recover slightly until the end of 2009. In its updated study of October 2008, the IMF is forecasting an economic weakening in the global gross domestic product (GDP) from 5.0% in 2007 to as little as 3.9% in 2008 and 3.0% in 2009 – the lowest level since 2002.

In the third quarter of 2008, the economic climate identified by the German ifo Institute for Economic Research worsened for the fourth time in succession. The decline is primarily the result of more unfavourable assessments of the current economic situation; however, the expectations for the coming six months have also been revised downwards. In Western Europe, the World Economic Climate Index worsened in virtually all countries, in particular in Italy, Spain and the United Kingdom.

#### Development in the IT industry

The association BITKOM (German Association for Information Technology, Telecommunications and New Media) expects that the financial market crisis will also impact the ITC industry. Thus the effects are expected to be felt in the business client division and, in particular where suppliers are active in the directly affected sectors such as the financial industry. However, according to BITKOM, the vast majority of the companies will only feel the effects indirectly. BITKOM therefore expects the ITC industry to ride out the economic storm relatively smoothly. In its latest forecast, BITKOM has already taken into account the prediction that the economy will not grow as steadily in 2009 as it has to date. Thus, the German IT market is expected to increase by 3.7% to € 69bn after 4.2% in 2008. At the same time, BITKOM has identified numerous opportunities in the current crisis; for example, companies are increasingly taking outsourcing models into consideration.

The financial crisis is also expected to impact the ITC industry in the euro zone. This is reflected for instance by the current sentiment indicator for service providers in the information society published by the Centre for European Economic Research, which has fallen to an all-time low. It reached the lowest level since the introduction of the indicator in the fourth quarter of 2003. The reasons for the drastic decline are reported to be the more pessimistic economic mood among ITC service providers resulting in revenue losses and lower demand. In addition, the forecasts of the ITC service providers for the fourth quarter of 2008 are gloomy. Compared to the previous quarter, the number of ITC service providers anticipating rising revenues and increasing demand has fallen.

### 2. Course of business in the first nine months of 2008

The escalation of the crisis on the financial markets in the course of the third quarter resulted in subdued demand among clients in all industries. While the revenue of the GFT Group remained virtually the same year-on-year at € 177.5m (previous year € 176.3m), earnings before taxes (EBT) at € 4.3m were significantly below the figure for 30 September 2007 (€ 8.7m).

As in the previous quarters, *Resourcing* was the GFT Group's best-performing division. Despite the current economic downturn, the lack of experts resulted in a continually rising demand for freelance IT specialists. The division was able to benefit from this and grew by some 9.5% compared to the previous year.

Clients from the financial services sector, which form the core of the activities of GFT's *Services* division, were by contrast significantly more cautious with investments than during the previous year. As a result, revenue in this division fell short of the previous year's high level – as already forecast in our six-month interim report – and on 30 September was 11% below the previous year's figure. The goal we had set ourselves, of repeating the previous year's high revenues in the *Services* division through new projects, despite the completion of the major project in Brazil, cannot be achieved in the current market environment.

In the *Software* division, the clients' hesitant buying behaviour was especially noticeable in all industries. We were therefore unable to achieve the significant revenue growth which we were aiming to achieve during the second half of 2008.

While the *Services* division made the largest contribution to income and developed steadily during the third quarter, two factors had a negative impact on the pre-tax earnings of the GFT Group: firstly the *Software* division struggled

under the sluggish sales of the e-mail archiving solution *inboxx*. The marketing investments failed to bring about the hoped-for increase in revenue and profit. Secondly, the *Resourcing* division experienced a slight year-on-year reduction in margins, likewise as a result of the economic crisis.

Since the global economy is not expected to recover by the end of the year, we have lowered the forecast for the GFT Group in the 2008 financial year. For the current year, we anticipate group level revenues of € 240m (2007: € 247.1m) and earnings before taxes (EBT) of € 6m (2007: € 12.4m).

### 3. The GFT share

The growing crisis on the financial markets, which is expected to escalate even further, made itself felt on the global stock exchanges - in particular in September 2008. Share prices fell again significantly on the German stock exchanges in the third quarter. This also affected GFT shares, which started with a share price of € 3.31 in 2008 and closed the first nine months at € 1.89. As a result, it is 42% below the level of 30 September 2007 (€ 3.24). Compared to equivalent issues on the TecDax and on the TecAllShare, the GFT share showed an average development. The analysts from Equinet and SES Research continued to assess GFT shares as "buy". After the end of the reporting period, on 17 October 2008, LBBW rated it as "hold".

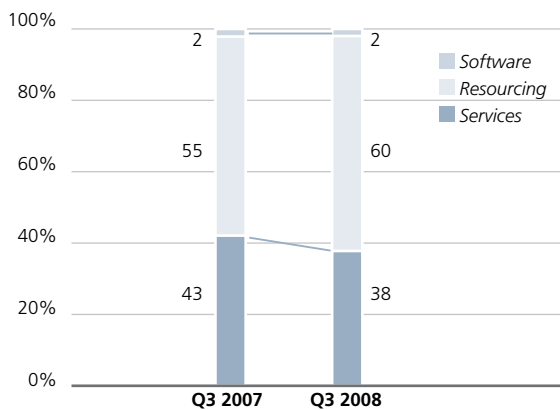
#### Development of the GFT share during the first nine months 2008 indexed (Basis 2 January 2008 = 100%)



## 4. Development of revenues

During the first nine months of 2008, the GFT Group generated revenue of € 177.5m and was thus slightly above the previous year's figure of € 176.3m. The trend of a pro-rata shift in revenues from the *Services* division to the *Resourcing* division, observed during the first two quarters of 2008, continued during the third quarter.

### Revenue by divisions



At the end of the third quarter of 2008, *Resourcing* remained the best-performing division. Its share of revenue rose by five percentage points year-on-year to 60% and thus remained at the level of the previous quarter. The share of revenue generated by the *Services* division fell accordingly from 43% in the previous year to 38%, while the share of the *Software* division remained constant at 2% of the overall revenue.

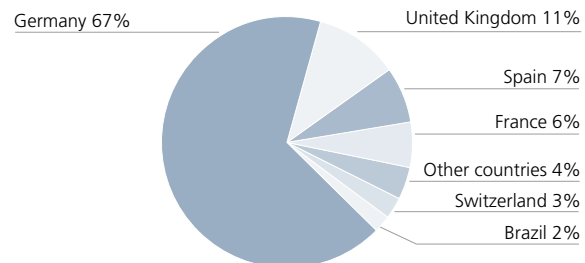
Resource bottlenecks experienced by companies in the IT sector continued to have a positive impact on the sourcing of qualified freelancers in the third quarter of 2008. The **Resourcing division** benefited from this rising demand for external IT specialists and compared to the first nine months of 2007 was able to increase its revenue by 9.5% to € 106.3m (previous year: € 97.1m). Thereof € 56.2m was generated by the Third Party Management area (TPM; previous year: € 57.9m) and € 50.1m by the Resource Management area (RM; previous year: € 39.2m).

The escalation of the crisis on the financial markets was reflected in client demand, especially in the financial services sector, which was significantly more reserved than in the previous year, especially when it came to new investments. This influenced revenue in the **Services division**,

which during the first nine months of 2008 fell by 11% compared to the previous year (€ 75.1m) to € 67.2m. As in the previous two quarters, revenue was affected by the conclusion, at the end of 2007, of the implementation phase of the project with a large bank in Brazil, which accordingly contributed less to revenue. Against this background, revenue developed steadily in the remainder of the *Services* division, but fell short of the growth targeted at the start of the year.

The effects of the global economic slowdown were also clearly felt in the **Software division**. The hesitant buying behaviour of clients prevented the significant increase in revenue expected for the third quarter. Compared to the same period of the previous year (€ 4.09m), revenue fell slightly by 1.6% to € 4.02m during the first nine months of 2008. The success of this segment during the fourth quarter of 2008 will depend strongly on further macroeconomic developments.

### Revenue by countries



Compared to 30 September 2007, revenue distribution by country remained virtually unchanged.

Boasting a 67.8% share in revenue, which has remained consistent year-on-year, **Germany** continued to be the largest and most important market for the GFT Group during the first nine months of 2008. Compared with the same period of the previous year, it has been possible to increase revenue slightly from € 119.8m to € 120.3m. The *Resourcing* division, which was further expanded, was instrumental in bringing this about, and made it possible to more than compensate for the weaker demand in the *Services* division caused by the crisis on the financial markets.

During the first nine months of 2008, GFT was able to increase its revenue in the **United Kingdom** by 9% compared to the same period of the previous year (€ 17.2m) to € 18.8m, despite the tense economic situation. The share of overall revenue thus amounted to 11%, one

percentage point more than in the previous year. The retentive demand of the UK clients who are active in the finance sector became apparent when comparing this quarter's figure with that of the previous quarter: at € 6.1m, revenues in the third quarter were 2% down on those of the second quarter.

GFT was also able to report a slight increase in revenue with clients in **Spain**. Compared to the first nine months of the previous year (€ 11.9m), revenue increased by 6% to € 12.6m. The share of the overall revenue remained constant at 7%. Compared to the previous quarter revenue fell by 10%.

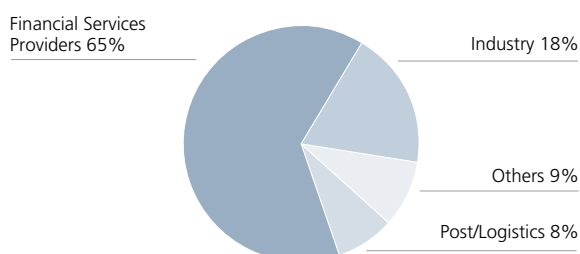
In the case of revenue from clients in **France**, it was possible to maintain the upward trend across all quarters. Following an 11% increase in revenue in the third quarter of 2008 compared to the previous quarter, revenue for the first nine months of the year was up by 4% at € 10.6m compared to 30 September 2007 (€ 10.2m). As a result, the share of overall revenue remained constant at 6%.

During the first nine months, GFT was able to increase its revenue with clients in **Switzerland** by 39% compared to the previous year (€ 3.3m) to € 4.5m; the share of overall revenue thus increased from 1.9% to 2.6%.

Revenue with clients in **Brazil** fell, owing to the fact that the project with a Brazilian bank has entered maintenance phase. This project was realised in collaboration with our Spanish development centre. As in the two previous quarters, this caused the share of overall revenue to drop again in comparison to the first nine months of 2007 from 5.4% to 1.6% and amounted to € 2.9m (previous year: € 9.5m). Contrary to original expectations, GFT was unable to compensate for this scheduled decline through increases in revenue in other markets.

Projects with clients from Italy and in particular the USA ("**Other countries**") contributed € 7.8m in total to overall revenue, 75.5% more than in the same period of the previous year (€ 4.4m). Together they represent 4.4% of overall revenue (previous year: 2.5%), the main reason being the growth in business in the USA.

### Revenue by industry



With a 65% share of overall revenue, the **financial services sector** continued to be the most important industry for GFT (previous year: 66.4%). Owing to restraint on the part of financial institutions when it came to new investments, as a result of the crisis on the financial markets, revenue during the second half of the year increased less than expected. In the third quarter of 2008, revenue stood at € 41.5m, 8% up on the revenue generated during the second quarter. Compared to the same period of the previous year (€ 117.0m), revenue fell by 1.4% to € 115.4m during the first nine months of 2008.

Compared to the previous year, the revenue with **industrial clients** slightly rose by 2.3% to € 31.4m during the first nine months of 2008. The lion's share was generated by the sourcing of freelance IT specialists. The share of overall revenue thus increased from 17.4% to 17.7%.

At € 16.0m, revenue with clients from **other industries and government agencies** increased significantly during the first nine months of 2008 compared to the previous year's figure (€ 11.2m). This corresponds to an increase of 42.6%. The share of overall revenue thus amounted to 9.0% after 6.4% in the previous year.

The revenues with companies from the **post and logistics sector** fell slightly. After € 17.4m in the first nine months of 2007, revenue during the current financial year fell by 16% to € 14.7m. The share of overall revenue fell accordingly from 10% to 8%.

## 5. Earnings situation

As at the end of the third quarter of 2008, the **earnings before taxes (EBT)** of the GFT Group was at € 4.3m.

Observing the quarters separately, compared to the previous quarter (€ 1.7m), EBIT increased by 20% to € 2.1m. Compared to the first nine months of the previous year, earnings fell by € 4.4m.

The special items from the first two quarters of 2008 continued to impact the earnings situation in the third quarter. In this regard, the increased loss in the *Software* division is worthy of mention. The one-time contribution to income from the project in Brazil resulted in a decrease in earnings compared to the same period of the previous year. The crisis on the financial markets had less impact on the earnings situation in the *Services* division than expected.

**Earnings before interest and taxes (EBIT)** came to € 3.8m as at the end of the third quarter. Compared to the same period of the previous year it fell by 54.6%.

**Earnings before interest, taxes, depreciation and amortisation (EBITDA)** fell accordingly by 46.6% to € 5.0m. As at the previous year's reporting date 30 September 2007, this figure stood at € 9.3m.

After deducting all expenses, the GFT Group generated **net income** of € 2.6m as at 30 September 2008 (previous year € 5.7m). The quarterly net income for the third quarter came to € 1.5m.

The calculated **taxation rate** as at 30 September 2008 thus stood at 40% (previous year: 35%) At the same time, the calculated taxation rate of the third quarter before IFRS effects stood at 28% and was even below the targeted figure of 30%.

**Earnings per share** as at 30 September 2008 stood at € 0.10 compared to € 0.04 at the end of the second quarter and € 0.22 at the end of the previous year. These figures relate to an average total number of 26,325,946 shares in circulation.

### Group earnings situation by division

At € 5.0m, the *Services division* made the largest contribution to the earnings of the GFT Group. Although the division fell short of the previous year's figures as expected (€ 7.6m), it increased by € 0.8m to € 2.5m compared to the previous quarter. A large part of this difference compared to the previous year can be attributed to the non-recurrence of the earnings from the concluding phase of the Brazilian project. The half-year earnings also contain the outflow loss of GFT India for the *Services* division and reflects decreased project earnings resulting from the restrained market situation.

The earnings situation in the *Resourcing division*, where it was possible to repeat previous year's earnings of € 0.9m, remained positive. This resulted in nine-month earnings of € 2.6m, which represents a year-on-year increase of 11.8% (previous year: € 2.3m). This resulted from the increased revenues in the Resource Management area.

By contrast, the earnings situation in the *Software division* fell short of expectations. Intensive marketing measures have so far not resulted in the desired revenue effect. As a result, earnings fell from € -0.5m as at 30 September 2007 to € -2.8m at the end of the first nine months of the current financial year. Compared to the second quarter, earnings also fell between July and September 2008 from € -0.7m to € -1.2m.

### Group earnings by expenses and income

**Other operating income** came to € 1.7m as at 30 September 2008 compared to € 1.1m for the previous year. In this regard, earnings from the liquidation of provisions accounted for the lion's share.

Purchases of external labour for the *Resourcing* division accounted for the vast majority of the **cost of materials** during the first nine months of 2008, which increased on par with the increase in revenue in this division from € 104.6m in the previous year to € 108.7m. The figure of the first nine months for 2008 was € 70.2m (previous year: € 65.9m), which corresponds to a 4% increase. In the *Services* division there was a correspondingly lower demand for external workers due to the lower revenue, in comparison to the same period the previous year.

During the third quarter of 2008, **personnel expenses** fell marginally from € 17.0m to € 16.0m. At € 49.7m, the cumulative value as at 30 September 2008 was € 1.3m higher than in the comparable period of the previous year (€ 48.4m), which corresponds to an increase of 2.7%. Despite successful recruitment measures, especially in Spain fewer employees joined the company than left it in the course of regular employee turnover.

In the third quarter, **depreciation of intangible assets and tangible assets** remained on par with the previous quarters of 2008 at € 0.4m. At as 30 September 2008, depreciations totalled € 1.2m.

**Other operating expenses** in the third quarter remained almost unchanged compared to the previous quarters at € 5.2m. At the end of the third quarter, this figure thus stood at € 15.4m (previous year: € 14.9m). The change compared to the previous year is mainly the result of increased rental costs and consulting services. By contrast, travel expenses fell.

## 6. Financial position

The **funds available for payment** fell by 22% year-on-year to € 17.9m. The current financial liabilities were almost completely repaid and now only came to € 0.2m after € 3.6m at the end of the third quarter of 2007. This mainly resulted from the repayment of the factoring credit line in France as at the end of 2007.

The growing *Resourcing* business experiences longer days sales outstanding and is thus the reason for the reduction in **cash flows from operating activities** from € -0.5m as at the previous year's cut-off date to € -9.0m at the end of the first nine months of 2008. As a result, trade receivables also increased from € 50.7m during the same period last year to € 54.0m as at 30 September 2008. At the same time trade liabilities fell from € 19.0m to € 15.3m.

Compared to the previous year, the **cash flow from investing activities** increased only slightly from € -1.1m to € -1.2m. This is mainly due to the divestment of the Indian subsidiary during the first quarter of 2008. Further capital expenditures flowed mainly into property, plant and equipment.

No financial transactions worth mentioning were made in the first nine months of this year. The **cash flow from financing activities** as at 30 September 2008 was correspondingly lower compared to the same period last year (€ 1.0m) and totalled € 0.03m.

## 7. Net assets

At € 104.8 m, the **balance sheet total** as at 30 September 2008 was € 3.7m lower than on the previous year's cut-off date and € 7.2m below the value as at 31 December 2007.

The **trade receivables** increased by 7% compared to 30 September 2007 and by 13% compared to 31 December 2007 to € 54.0m, the reason being longer days sales outstanding in the *Resourcing* division and early payments in the fourth quarter of 2007. **Trade liabilities** were 19% below the figure for the previous year and came to € 15.3m.

In comparison to the first nine months of 2007, **equity** increased from € 55.0m to € 59.9m due to the reduced losses carried forward. As a result, the equity ratio increased from 51% to 57% compared to 30 September 2007. In comparison to the end of 2007 (€ 57.7m), equity increased by a mere 4%. However, facilitated by the lower balance sheet total, the equity ratio increased more significantly.

## 8. Employees

As at the cut-off date 30 September 2008, the GFT Group employed 1,015 employees comprising the proportionately included part-time employees, 62 people fewer than during the same period last year and 24 fewer than as at 30 June 2008. With 707 employees, the share of staff employed abroad was 70% (previous year: 784 or 73%). Accordingly, 308 employees or 30% of the workforce were employed in Germany (previous year: 293 or 27%). The decrease in the number of staff employed abroad is attributable to the sale of 70% of the shares in the Indian subsidiary GFT India Ltd, Trichy, India. The increase in the number of employees working in Germany stems from the recruitment of new sales employees in the *Resourcing* division.

As at the cut-off date 30 September 2008, the *Services* division has the largest share of employees with 853 people. 930 employees were active in this division at the end of the same period last year, 56 of whom were in the Indian subsidiary.

The *Resourcing* division once again increased its workforce in the third quarter of 2008 and as at 30 September 2008 employed 102 people – 22 more than at the previous year's cut-off date.

On 30 September 2008, the *Software* division employed 60 people – seven less than at the end of the same period last year.

The number of freelancers increased once again: As at 30 September 2008, this division employed 1,259 people (previous year 1,229).

## 9. Research and development

At € 3.0m, expenditures on research and development increased slightly as at 30 September 2008 in comparison to the first nine months of 2007 (€ 2.8m). The largest share of these expenditures is to be attributed to personnel costs.

As in the first half of the year, our research and development activities focussed on steady process improvement in the *Services* division through the continuing implementation and expansion of CMMI® (Capability Maturity Model Integration), an internationally recognised process model for software and system development. In mid-August 2008, the Spanish and Brazilian development centres achieved the level-3 quality requirements, an important milestone in GFT's global quality initiative. In addition, we are continuing to work on the further development and expansion of our internal group-wide information platform.

## 10. Risk report

During the first nine months of 2008, one change occurred to the opportunities and risks described in detail in the Management Report of the 2007 Consolidated Financial Statements. In the past three months, the banking crisis in the USA has escalated into a world-wide financial crisis that shook the global finance sector, especially in September 2008. Since GFT generates 65% of its revenue with international financial service providers, there is a risk that clients in this sector will postpone IT projects, cut their IT budgets or renegotiate prices.

## 11. Significant events during the first nine months of 2008

In the first half of the 2008 financial year, GFT concluded the bundling of all activities in the *Resourcing* division in Germany. With effect from 1 January 2008, GFT Technologies AG integrated its emagine business unit into GFT Resource Management GmbH by way of singular succession. Active in third-party management, emagine is responsible for purchase management for its clients with regard to non-strategic IT service providers as well as the sourcing of software developers, programmers and other smaller IT service providers. In the financial year 2007, the emagine unit generated revenue in the amount of € 85.9m. With the integration of emagine into GFT Resource Management GmbH, all activities in the *Resourcing* division are now consolidated in Germany in GFT Resource Management GmbH or its subsidiaries. Starting on 1 January 2008, all revenues of GFT Technologies AG are being allocated to the *Services* division.

A further significant event in the first nine months of 2008 was the sale of shares in GFT India Ltd. In the course of concentrating its offshore activities in Brazil, GFT Technologies AG sold 70% of its shares in GFT India Ltd., Trichy, India, to the Managing Director of the company on 29 February 2008. GFT AG will continue to use the development centre in India in the future for the further development of internal applications and for the product development in the *Software* division.

On 11 June 2008, the ninth regular Annual General Meeting of GFT Technologies AG agreed to relocate the company's headquarters from St. Georgen to Stuttgart. On 25 August 2008, this change was entered in the commercial register of the Stuttgart registrar of companies under HRB 727178. St. Georgen will continue to be used as a location for development and administrative functions.

## 12. Outlook

Given the current crisis on the capital market, the IMF believes that the world economy is experiencing a downturn. According to the latest forecasts, global growth has slowed significantly in 2008 and is not likely to recover until the end of 2009.

The ITC industry, and especially companies working for the financial services sector, will not be able to escape the effects of the crisis on the financial markets.

Against this backdrop, we have reduced our annual forecast for the GFT Group. For the current year, we anticipate group level revenues of € 240m (2007: € 247.1m) and earnings before taxes (EBT) of € 6m (2007: € 12.4m).

In particular, the *Software* division struggled with potential clients' hesitant buying behaviour and had a considerable negative impact on the overall result. We do not expect the situation to improve significantly during the fourth quarter.

In the *Services* division, the difficulties in the financial market will continue to influence the demand of our clients in the financial sector. As a strategic IT partner, we will help our clients to use their available IT budget efficiently and thereby prepare them technologically for the future. We therefore expect both revenue and earnings to remain steady in this area. In our opinion, new growth potential will not present itself in the banking sector until the second half of 2009 at the earliest. However, in view of the tightening of rules for financial service providers currently under discussion, we expect arising demand for solutions to the implementation of stricter statutory requirements to improve, combined with certain backlog effects arising in connection with the present faltering demand.

The staffing situation in the IT sector is reflected in the continued healthy demand for IT freelancers. We will continue to consistently use these growth opportunities within our *Resourcing* division, which we are further expanding.

In light of the crisis on the financial markets, the GFT Group is cautiously optimistic for the future: with the two large divisions, *Services* and *Resourcing*, GFT is well-positioned to respond flexibly to changes on the market. In addition, our international software development network enables us to act globally and thus compensate for fluctuations on individual markets.

The Executive Board would like to thank all the company's employees for their high level of commitment and all our clients, investors and business partners for their trust and loyalty.

Stuttgart, 31 October 2008  
The Executive Board



Ulrich Dietz  
Executive Board (Chairman)



Marika Lulay  
Executive Board



Dr. Jochen Ruetz  
Executive Board



<b>LIABILITIES</b>	<b>30/09/2008</b> €	<b>31/12/2007</b> €
<b>Current liabilities</b>		
Current portion of capital lease obligation	0.00	0.00
Short-term loans and current portion of long-term loans	150,000.00	150,000.00
Trade payables	15,324,336.60	28,915,694.45
Payables from related parties	0.00	0.00
Deposits received	2,870,691.68	2,916,443.88
Provisions	17,474,314.66	13,696,366.78
Deferred revenues	1,622,298.50	987,004.25
Current income tax liabilities	1,608,047.51	1,050,674.39
Deferred tax liabilities	0.00	0.00
Other current liabilities	3,517,654.62	3,643,165.60
Others	0.00	0.00
<b>Total current liabilities</b>	<b>42,567,343.57</b>	<b>51,359,349.35</b>
<b>Non-current liabilities</b>		
Long-term loans	0.00	0.00
Long-term capital lease obligations	0.00	0.00
Deferred revenues	0.00	0.00
Deferred tax liabilities	319,719.36	564,461.71
Provisions for pensions	860,236.00	853,036.00
Others	1,159,819.01	1,425,125.34
<b>Total non-current liabilities</b>	<b>2,339,774.37</b>	<b>2,842,623.05</b>
Minority interest	0.00	0.00
<b>Shareholders' equity</b>		
Share capital	26,325,946.00	26,325,946.00
Capital reserve	42,147,782.15	42,147,782.15
Treasury stock	0.00	0.00
Legal reserve	0.00	0.00
Other retained earnings	2,343,349.97	2,343,349.97
Foreign currency translation	61,479.09	34,331.96
Market assessment for securities	-667,700.00	-196,300.00
Consolidated balance sheet loss	-10,342,609.08	-12,925,134.60
<b>Total shareholders' equity</b>	<b>59,868,248.13</b>	<b>57,729,975.48</b>
<b>Total equity and liabilities</b>	<b>104,775,366.07</b>	<b>111,931,947.88</b>

## Consolidated Income Statement (IFRS)

for the period from 1 January to 30 September 2008

GFT Technologies Aktiengesellschaft, Stuttgart

	Quarterly Financial Report		Interim Financial Report	
	01/07-30/09/ 2008 €	01/07-30/09/ 2007 €	01/07-30/09/ 2008 €	01/07-30/09/ 2007 €
Revenue	61,551,191.17	63,192,502.20	177,452,812.76	176,294,723.99
Other operating income	424,103.32	93,823.80	1,701,889.20	1,069,721.07
Changes in inventories of work in progress	0.00	0.00	0.00	0.00
Other capitalised services	33,024.46	24,307.65	111,827.36	116,503.24
Cost of material / Purchased services	-38,425,225.61	-38,705,161.36	-108,652,393.57	-104,570,784.69
Employee benefits costs	-16,027,693.98	-15,514,731.44	-49,736,132.76	-48,398,809.53
Depreciation of tangible and intangible assets	-391,352.21	-365,573.50	-1,196,836.26	-996,223.07
Goodwill amortisation	0.00	0.00	0.00	0.00
Other operating expenses	-5,169,230.12	-5,275,900.75	-15,437,622.78	-14,851,641.53
Others	0.00	0.00	0.00	0.00
<b>Result from operating activities</b>	<b>1,994,817.03</b>	<b>3,449,266.60</b>	<b>4,243,543.95</b>	<b>8,663,489.48</b>
Interest income/expenses	171,336.54	129,072.42	551,486.99	385,251.21
Dividend income	0.00	0.00	0.00	0.00
Income/expenses from financial assets using the equity method	-19,953.02	0.00	-48,779.05	0.00
Foreign currency gains/losses	19,556.39	20,882.30	-27,227.29	8,668.45
Other income/expenses	-85,000.00	-179,500.00	-383,484.54	-336,100.00
<b>Earnings before tax (and minority interest)</b>	<b>2,080,756.94</b>	<b>3,419,721.32</b>	<b>4,335,540.06</b>	<b>8,721,309.14</b>
Income tax expenses	-584,225.03	-1,003,627.21	-1,753,014.54	-3,011,676.76
Extraordinary income/expenses	0.00	0.00	0.00	0.00
<b>Earnings before minority interest</b>	<b>1,496,531.91</b>	<b>2,416,094.11</b>	<b>2,582,525.52</b>	<b>5,709,632.38</b>
Minority interest	0.00	0.00	0.00	0.00
<b>Net income</b>	<b>1,496,531.91</b>	<b>2,416,094.11</b>	<b>2,582,525.52</b>	<b>5,709,632.38</b>
Net earnings per share (basic)	0.06	0.09	0.10	0.22
Net earnings per share (diluted)	0.06	0.09	0.10	0.22
Weighted average number of shares (basic)	26,325,946	26,325,946	26,325,946	26,325,946
Weighted average number of shares (diluted)	26,325,946	26,325,946	26,325,946	26,325,946

## Consolidated Cash Flow Statement (IFRS)

for the period from 1 January to 30 September 2008  
GFT Technologies Aktiengesellschaft, Stuttgart

	Reporting Period	
	01/01-30/09/ 2008 €	01/01-30/09/ 2007 €
<b>Cash flows from operating activities</b>		
Net income	2,582,525.52	5,709,632.38
Adjustments for		
Minority interest	0.00	0.00
Depreciation	1,196,836.26	996,223.07
Increase/decrease of provisions and value adjustments	3,859,965.16	6,093,743.91
Losses/gains from the disposal of assets	349,487.26	-3,637.44
Foreign currency gains/losses	-27,227.29	8,668.45
Others	432,263.59	336,100.00
Changes in working capital	-17,350,114.44	-13,678,585.34
<b>Cash flows from operating activities</b>	<b>-8,956,263.94</b>	<b>-537,854.97</b>
<b>Cash flows from investing activities</b>		
Acquisition of consolidated companies, net of purchased cash	0.00	0.00
Income of sales of consolidated companies, net of purchased cash	-174,067.05	0.00
Acquisition of fixed assets	-1,049,796.95	-1,151,976.15
Income of sales of fixed assets	6,566.60	5,491.20
Others	0.00	3,245.26
<b>Cash flows used in investing activities</b>	<b>-1,217,297.40</b>	<b>-1,143,239.69</b>
<b>Cash flows from financing activities</b>		
Cash receipts from equity contribution	0.00	0.00
Cash receipts from issuing short- or long-term loans	0.00	994,584.09
Cash payments for repayments of loans	0.00	0.00
Cash payments for lease obligations	0.00	0.00
Others	27,147.13	8,073.86
<b>Cash flows used in financing activities</b>	<b>27,147.13</b>	<b>1,002,657.95</b>
Foreign exchange difference	0.00	0.00
<b>Decrease of liquid funds</b>	<b>-10,146,414.21</b>	<b>-678,436.71</b>
Liquid funds at the beginning of the period	25,699,209.08	20,244,411.54
<b>Liquid funds at the end of the period</b>	<b>15,552,794.87</b>	<b>19,565,974.83</b>

## Consolidated Statement of Changes in Equity (IFRS)

as at 30 September 2008

GFT Technologies Aktiengesellschaft, Stuttgart

	Subscribed Capital €	Capital reserve €	Retained Earnings	
			Legal reserve €	Other revenue reserves €
<b>As at 31/12/2006</b>	<b>26,325,946.00</b>	<b>67,346,563.99</b>	<b>1,387.65</b>	<b>2,343,349.97</b>
Financial assets available for sale (securities):				
– Change of fair value recognised in equity 01/01-30/09/2007				
– Transferred to Income Statement 01/01-30/09/2007				
Exchange differences on translating foreign operations 01/01-30/09/2007				
Deferred taxes taken directly to or transferred from equity 01/01-30/09/2007				
Income and expense recognised directly in equity 01/01-30/09/2007				
Net income 01/01-30/09/2007				
Total recognised income and expense 01/01-30/09/2007				
<b>As at 30/09/2007</b>	<b>26,325,946.00</b>	<b>67,346,563.99</b>	<b>1,387.65</b>	<b>2,343,349.97</b>
Financial assets available for sale (securities)				
– Change of fair value recognised in equity				
– Transferred to Income Statement				
Exchange differences on translating foreign operations				
Deferred taxes taken directly to or transferred from equity				
Income and expense recognised directly in equity				
Annual net income				
Total recognised income and expense for the financial year 2007				
Allocated from capital reserve		-25,198,781.84		
Allocated from retained earnings				
– thereof from the statutory reserve			-1,387.65	
<b>As at 31/12/2007</b>	<b>26,325,946.00</b>	<b>42,147,782.15</b>	<b>0.00</b>	<b>2,343,349.97</b>
Financial assets available for sale (securities)				
– Change of fair value recognised in equity 01/01-30/09/2008				
– Transferred to Income Statement 01/01-30/09/2008				
Exchange differences on translating foreign operations 01/01-30/09/2008				
Deferred taxes taken directly to or transferred from equity 01/01-30/09/2008				
Income and expense recognised directly in equity 01/01-30/09/2008				
Net income 01/01-30/09/2008				
Total recognised income and expense 01/01-30/09/2008				
<b>As at 30/09/2008</b>	<b>26,325,946.00</b>	<b>42,147,782.15</b>	<b>0.00</b>	<b>2,343,349.97</b>

Changes in equity not affecting results		Consolidated balance sheet loss €	Equity attributed to equity holders of the parent €	Minority interests €	Total share capital €
Foreign currency translations €	Market assessment for securities €				
42,176.11	23,437.50	-46,719,695.89	49,363,165.33	0.00	49,363,165.33
	-37,500.00		-37,500.00		-37,500.00
	0.00		0.00		0.00
-5,988.64			-5,988.64		-5,988.64
	14,062.50		14,062.50		14,062.50
-5,988.64	-23,437.50	0.00	-29,426.14	0.00	-29,426.14
		5,709,632.38	5,709,632.38	0.00	5,709,632.38
-5,988.64	-23,437.50	5,709,632.38	5,680,206.24	0.00	5,680,206.24
<b>36,187.47</b>	<b>0.00</b>	<b>-41,010,063.51</b>	<b>55,043,371.57</b>	<b>0.00</b>	<b>55,043,371.57</b>
	-233,800.00		-233,800.00		-233,800.00
	0.00		0.00		0.00
-7,844.15			-7,844.15		-7,844.15
	14,062.50		14,062.50		14,062.50
-7,844.15	-219,737.50	0.00	-227,581.65	0.00	-227,581.65
		8,594,391.80	8,594,391.80	0.00	8,594,391.80
-7,844.15	-219,737.50	8,594,391.80	8,366,810.15	0.00	8,366,810.15
		25,198,781.84	0.00	0.00	0.00
		1,387.65	0.00	0.00	0.00
<b>34,331.96</b>	<b>-196,300.00</b>	<b>-12,925,134.60</b>	<b>57,729,975.48</b>	<b>0.00</b>	<b>57,729,975.48</b>
	-471,400.00		-471,400.00		-471,400.00
	0.00		0.00		0.00
27,147.13			27,147.13		27,147.13
	0.00		0.00		0.00
27,147.13	-471,400.00	0.00	-444,252.87	0.00	-444,252.87
		2,582,525.52	2,582,525.52	0.00	2,582,525.52
27,147.13	-471,400.00	2,582,525.52	2,138,272.65	0.00	2,138,272.65
<b>61,479.09</b>	<b>-667,700.00</b>	<b>-10,342,609.08</b>	<b>59,868,248.13</b>	<b>0.00</b>	<b>59,868,248.13</b>

# Notes to the Interim Financial Statements

GFT Technologies Aktiengesellschaft, Stuttgart  
as at 30 September 2008

## 1. Fundamentals for the GFT Group's Interim Financial Statements

The Interim Financial Statements of the GFT Technologies Aktiengesellschaft Group (GFT AG) should be read in conjunction with the GFT AG Group annual financial statements as of the end of the last financial year (31 December 2007). They were drawn up in € in accordance with standard principles of accounting and valuation and conform to the prescriptions set out in IAS 34, sections 37v to 37z WpHG and the regulations for the Frankfurt Stock Exchange.

The Interim Financial Statements have been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), which are to be applied within the EU. The same accounting and valuation methods were used in these Interim Financial Statements as in the previous Group Financial Statements as of 31 December 2007.

The Interim Consolidated Financial Statements and the Interim Management Report as of 30 September 2008 have neither been audited according to section 317 HGB, nor been reviewed.

## 2. Changes to the consolidated group and its associated companies

The following changes to the scope of consolidation have occurred since the Consolidated Financial Statements were closed on 31 December 2007.

With effect on 1 January 2008, GFT AG sold its holdings in the emagine gmbh, Eschborn to GFT Resource Management GmbH, Eschborn, and contributed its operative share in emagine to GFT Resource Management GmbH by means of singular succession. These intergroup transactions had no effect on the group's assets, financial and earnings position.

Since 1 February 2008, the subsidiary GFT Solutions GmbH has been trading under the name GFT inboxx GmbH, Hamburg. With effect from 31 July 2008, the GFT inboxx GmbH has disposed of its business unit inspire, whereas five employees have been transferred to the acquirer.

On 29 February 2008, GFT AG sold 70% of its shares in the subsidiary GFT Technologies (India) Private Limited, Trichy, India. GFT Technologies (India) Private Limited left the consolidated group on 29 February 2008; since then, this company has been an associate, whose shares are shown in the balance sheet using the equity method. In the first nine months of 2008, and in the financial year 2007, GFT Technologies (India) Private Limited accounted for a share in revenues amounting to in each case 0.0%; as of 31 December 2007 and on the date of divestment, its share in the financial assets of the group amounted to 0.3%. The hiving off of GFT Technologies (India) Private Limited did not have any material effect on the assets, financial and earnings position of the Group; the costs of the sale amounted to €(k) -193.

On 11 June 2008 GFT USA INC., located in New York, USA, was founded as a 100%-subsidiary of GFT Iberia Solutions, S.A., Sant Cugat del Vallés, Spain. GFT USA INC. hasn't performed any namable operational activity until 30 September 2008.

Implementing the decision of the Annual General Meeting as at 11 June 2008, the registered GFT AG office has been Stuttgart since 25 August 2008.

## 3. Changes in equity

For the changes in equity capital between 1 January 2008 and 30 September 2008 we refer to the consolidated statement of changes in equity which is separately represented.

As of 30 September 2008 the company's share capital of € 26,325,946.00 consists of 26,325,946 non par value individual share certificates (no change relative to 31 December 2007). These shares are bearer shares and all grant equal rights. On 30 September 2008 the consolidated balance sheet loss included a carry forward from the previous year amounting

to €(k) -12,925 (previous year: €(k) -46,720). No changes resulted to the company's authorised and conditional capital between 1 January and 30 September 2008 relative to 31 December 2007. Dividends have not been proposed or paid out during the 2008 financial year.

#### 4. Segmental reporting

Segmental reporting (table on pages 18 and 19) for the first nine months of the 2008 financial year was undertaken for the same business segments as in the Consolidated Financial Statement as of 31 December 2007.

In addition to segment data by business segment, oriented in accordance with the company's structure, the table shown below contains geographical data in accordance with IAS 14 (secondary segment information).

in €(k)	Revenue from sales to external clients *		Carrying amount of segment assets		Investments in equipment and intangible assets	
	01/01-30/09 2008	01/01-30/09 2007	30/09/2008	30/09/2007	01/01-30/09 2008	01/01-30/09 2007
Germany	119,947	119,822	73,811	77,031	686	660
UK	19,584	17,179	7,958	8,928	14	44
Spain	12,250	11,868	13,761	12,316	229	225
France	10,787	10,176	6,564	7,935	9	67
Switzerland	5,101	3,270	2,200	1,307	31	50
Brazil	2,938	8,830	336	471	81	87
Other foreign countries	6,805	4,438	145	478	0	19
<b>Total</b>	<b>177,412</b>	<b>175,583</b>	<b>104,775</b>	<b>108,466</b>	<b>1,050</b>	<b>1,152</b>

\* Determined by client location

#### 5. Changes to contingent liabilities

As of 30 September 2008, the Group had not undergone any significant changes to its contingencies and other financial commitments since its Consolidated Financial Statements of 31 December 2007.

#### 6. Investments

During the period between 1 January and 30 September 2008, the GFT Group invested €(k) 235 in intangible fixed assets (1 January to 30 September 2007: €(k) 260) and €(k) 815 in tangible assets (1 January to 30 September 2007: €(k) 892).

#### 7. Related party disclosures

Relative to the notes to the Consolidated Financial Statements as of 31 December 2007 there were no changes to the composition of the related companies and people, and to the relationships with these.

#### 8. Explanations about shares for company use and subscription rights of employees and members of the company's executive bodies

As of 30 September 2008 GFT AG does not hold any own shares; nor were any own shares acquired or sold in the period from 1 January to 30 September 2008 (section 160 (1) No. 2 AktG – German Company Law).

The subscription rights under the "1999/2004" and "2000/2005" stock option programmes issued by the Executive Board lapsed on 6 July 2004 and respectively 1 July 2005 without having been exercised. Therefore, no subscription rights pursuant to section 192 (2) No. 3 of the German Stock Corporation Act which may be used have existed since 1 July 2005.

## Segment reporting (IFRS)

as at 30 September 2008

GFT Technologies Aktiengesellschaft, Stuttgart

	Services		Software	
	30/09/2008 in €(k)	30/09/2007 in €(k)	30/09/2008 in €(k)	30/09/2007 in €(k)
<b>Revenue</b>				
External sales	67,151	75,159	4,021	4,086
Inter-segment sales	119	316	852	-
<b>Total revenue</b>	<b>67,270</b>	<b>75,475</b>	<b>4,873</b>	<b>4,086</b>
<b>Result</b>				
<b>Segment result</b>	<b>5,013</b>	<b>7,601</b>	<b>-2,762</b>	<b>-527</b>
Unallocated income/expenses				
<b>Operating results</b>				
Interest expenses				
Interest income				
Share of net profits of associates				
<b>Earnings before tax</b>				
Income tax expenses				
<b>Net income</b>				
<b>Other information</b>				
Segment assets	52,173	45,624	1,534	1,816
Investments in associates accounted for under the equity method				
Unallocated corporate associates				
<b>Consolidated total assets</b>				
Segment liabilities	10,899	23,017	3,369	1,930
Unallocated corporate liabilities				
<b>Consolidated total liabilities</b>				
Capital expenditure	788	679	51	275
Depreciations	908	756	165	125
Non-cash expenditure other than depreciation	193	-	-	-

Resourcing		Total		Eliminations		Consolidated	
30/09/2008 in €(k)	30/09/2007 in €(k)	30/09/2008 in €(k)	30/09/2007 in €(k)	30/09/2008 in €(k)	30/09/2007 in €(k)	30/09/2008 in €(k)	30/09/2007 in €(k)
106,281	97,050	177,453	176,295				
3,157	3,178	4,128	3,494	-4,128	-3,494		
<b>109,438</b>	<b>100,228</b>	<b>181,581</b>	<b>179,789</b>	<b>-4,128</b>	<b>-3,494</b>	<b>177,453</b>	<b>176,295</b>
<b>2,576</b>	<b>2,303</b>	<b>4,827</b>	<b>9,377</b>	<b>-117</b>	<b>0</b>	<b>4,710</b>	<b>9,377</b>
						-876	-1,041
						<b>3,834</b>	<b>8,336</b>
						-35	-126
						586	511
						-49	-
						<b>4,336</b>	<b>8,721</b>
						-1,753	-3,011
						<b>2,583</b>	<b>5,710</b>
41,361	50,327	95,068	97,767			95,068	97,767
						34	-
				9,673	10,699	9,673	10,699
						<b>104,775</b>	<b>108,466</b>
28,232	25,863	42,500	50,810			42,500	50,810
				2,407	2,613	2,407	2,613
						<b>44,907</b>	<b>53,423</b>
168	154	1,007	1,108	43	44	1,050	1,152
75	77	1,148	958	49	38	1,197	996
-	-	193	-	239	336	432	336

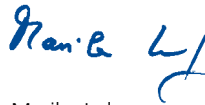
## Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the reduced Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Management Report of the Group 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 for the remaining months of the financial year.

Stuttgart, 31 October 2008



Ulrich Dietz  
Executive Board (Chairman)



Marika Lulay  
Executive Board



Dr. Jochen Ruetz  
Executive Board

## Our Divisions/Imprint

GFT		
<p><b>Services</b> IT Services:</p> <p>Innovative International Reliable</p>	<p><b>Resourcing</b> Supplying IT personnel:</p> <p>Flexible Punctual Suitable</p>	<p><b>Software</b> Document archiving:</p> <p>Secure Structured Automated</p>
<p>In the <i>Services</i> business division we conceive and develop innovative and individual IT applications. After implementing these solutions, we also take on their operation and maintenance. Our well-founded project and technological experience, as well as comprehensive industry competence in the financial and logistics <i>Services</i> sectors, make GFT a preferred IT partner for reputable companies domestically and abroad.</p>	<p>The <i>Resourcing</i> business division covers the facilitation of IT specialists to companies in all industries. We find the sought-after IT experts, and supply them on a project basis to our customers, ensuring optimum cost-effectiveness.</p> <p>Our subsidiary emagine is the leader in Third Party Management in Germany. It offers its clients the customised management of their IT suppliers, which enables them to reduce costs, increase process quality and improve legal security.</p>	<p>In the <i>Software</i> business division we develop and implement customised, integral IT solutions for the optimisation of document and process based work routines.</p> <p>With <i>inboxx</i> we offer a user-friendly <i>Software</i> solution for e-mail archiving. It is based on the mature technology of our archiving platform <i>hyparchiv</i>.</p>

### Imprint

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## **Further Information**

For further information, please contact our IR team who will be happy to answer any queries. Call us or visit our website at [www.gft.com/ir](http://www.gft.com/ir). There you can find further information on our company and the GFT share.

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The Interim Financial Report 2008 is also available in German. The online versions of the Interim Financial Report in German and English are available on [www.gft.com/ir](http://www.gft.com/ir). Please note that only the German version is legally binding.