Annual Report
2013

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Every year global data volume grows by 50 percent.

Every second personal information is being collected, spread, stored, examined, analysed and networked.

**With every online order,
with every transaction,
with every mouse click,
we reveal a bit more about ourselves.**

**About our wishes.
About our interests.
About our habits.
To put it briefly: our data.**

**A huge challenge.
For the information society.
For every consumer.
For every company.**

But also an opportunity.

Is everything big data?

Who can I trust?

Where do my data land?

Do I need to be more mobile?

Is my computer smarter than me?

Who controls the network?

Do we need a revolution?

Who does the future belong to?

Is the future creeping up on us?

Is it all getting too much for us?

Isn't it all getting a bit too complicated?

Are we being controlled by facts?

Will everything sort itself out?

Are we losing control?

Do I know everything about myself?

Am I invisible?

Is everything going too fast?

Will everything stay better?

More data, more knowledge?

¬ c.1

big data

¬ c. 1

big bang

big challenge

big ideas

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2013

big data
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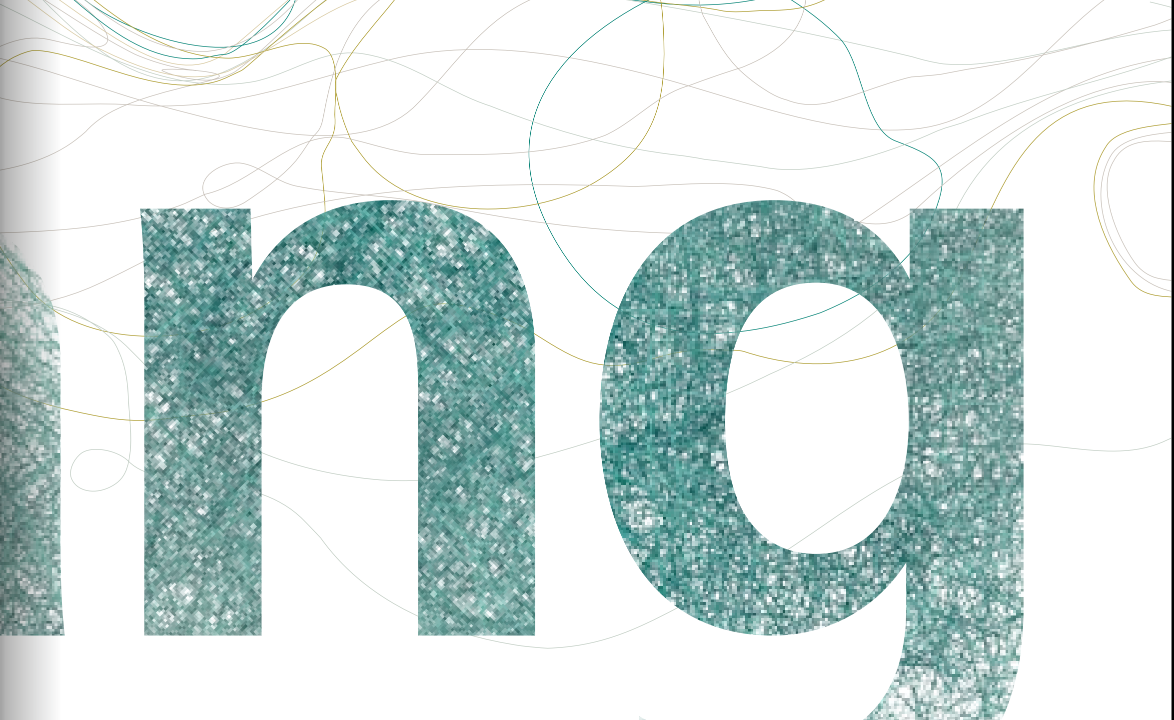
New data are changing
how we think



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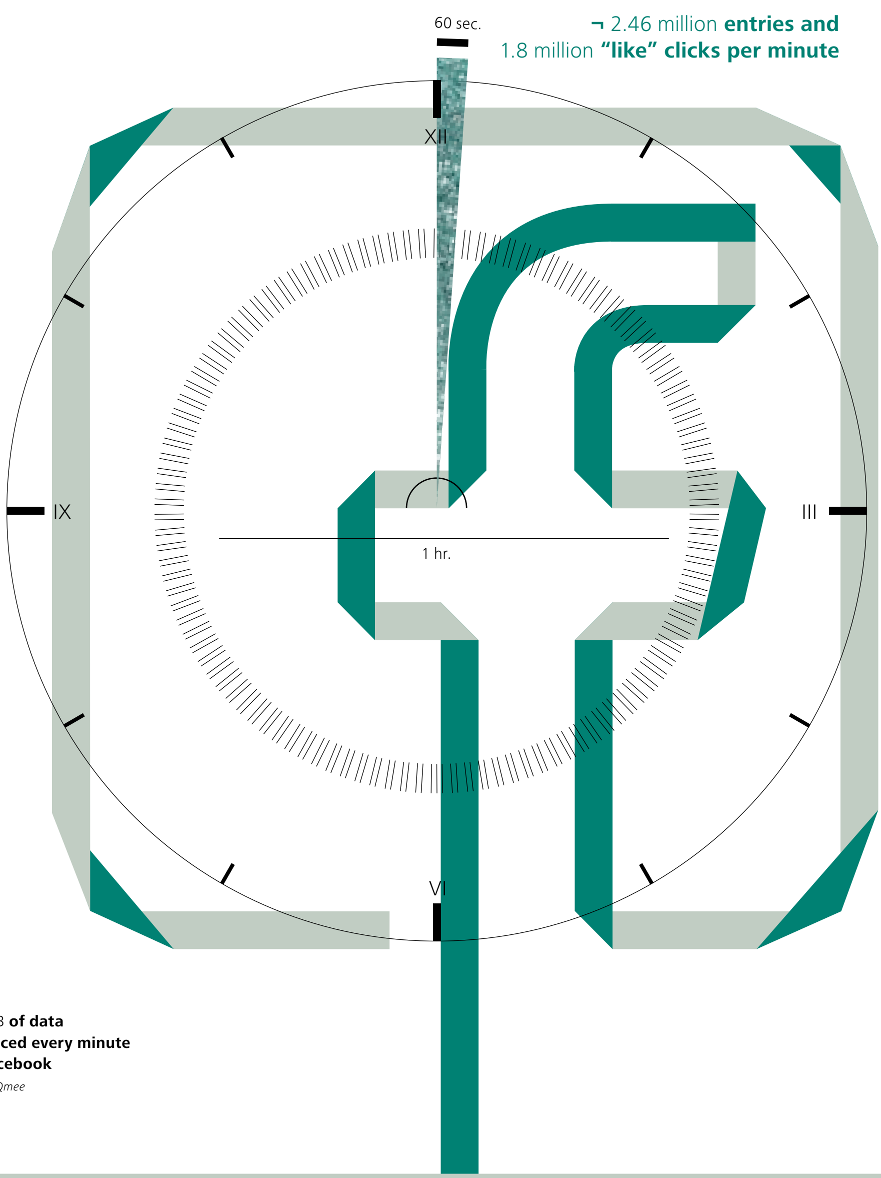


350 GB **of data produced every minute on Facebook**

Source: Qmee

Ready for big data?

Nobody is excluded

We all produce data for others – knowingly or unknowingly. Every entry in a social network, every blog message, every photo we upload flows immediately into the endless sea of data.

You get up, take a shower and produce data. You switch on the TV and the coffeemaker and produce data. You check your e-mails and produce data. You take a taxi to the airport and produce data. But what happens then?

Big data since 1440?

We all supply data, either consciously or unconsciously. We are all driving the digital revolution. The real revolution in information technology, however, began long before our time and was not initiated by the microchip but by the invention of printing. In 1440, Johannes Gutenberg gave the masses access to information that was previously reserved for a select few. The knowledge this provided and the resulting explosion of ideas laid the foundation for the Enlightenment and the Industrial Revolution a few hundred years later. Scientific and economic progress needs technological progress. So – what's so new about the transformation of our information society? The speed, the diversity and the sheer volume of data. Big data is coming.

The Internet of Everything will accelerate growth

Ninety percent of the data processed every day stems from the last three years.
1.8 zettabytes of data – that's a number with 21 zeros – were produced worldwide in 2011. You would need about 250 million DVDs to store the daily volume of data circulating on the World Wide Web alone. And this volume is expected to double every two years. It is the digitisation of our planet which is causing this explosion in data volumes. Machines, vehicles, planes, videos, social networks – they are all generating unstructured and structured data in real time, i.e. at the time of occurrence. The turbines of a Boeing 747, for example, produce as much data during a single flight as the data centre of a medium-sized university.

The Internet of Everything will accelerate this growth. You can already track packages in transit via the relevant websites. Every electricity meter and every heating system can now collect and evaluate data and send them to the homeowner's smartphone. Social networks are constantly gathering information about your preferences and interests, as well as photos and videos.

"640 kilobytes ought be enough for anybody"
Bill Gates is supposed to have said this in 1981. The software titan himself denies it. Fact is though that increasing computing power and huge storage capacities – often external units accessed via cloud computing – are what make big data possible.

But is storing movies or visiting an online portal already big data? In a recent survey of 1,000 German citizens, over 50 percent of those asked said they had never heard the term “big data” before. And among those who had, the responses varied widely. Such diverse interpretations make it difficult, however, to distinguish between the hype and the reality.

Infratest defines big data as “technologies and specialist know-how to create new added value from the inexhaustible potential of data”. It is the coming together of various factors which lift the storage, processing and analysing of large data volumes to previously unknown levels of efficiency.

Three aspects play a decisive role: volume (amount of data), velocity (processing speed) and variety (data diversity). Numerous young companies are being set up around the globe to exploit the potential of big data. With CODE_n, the GFT Group has given them a stage to present their ideas at the world’s largest IT fair, the CeBIT in Hanover, Germany.

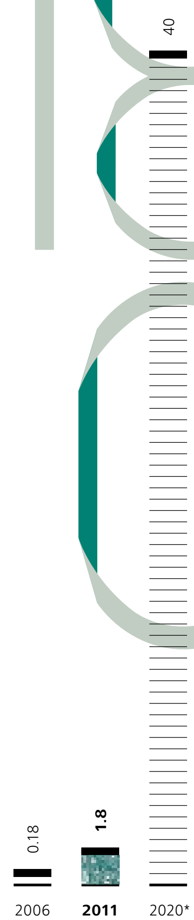
What is new about big data

¬ huge amounts of data growing exponentially every day.

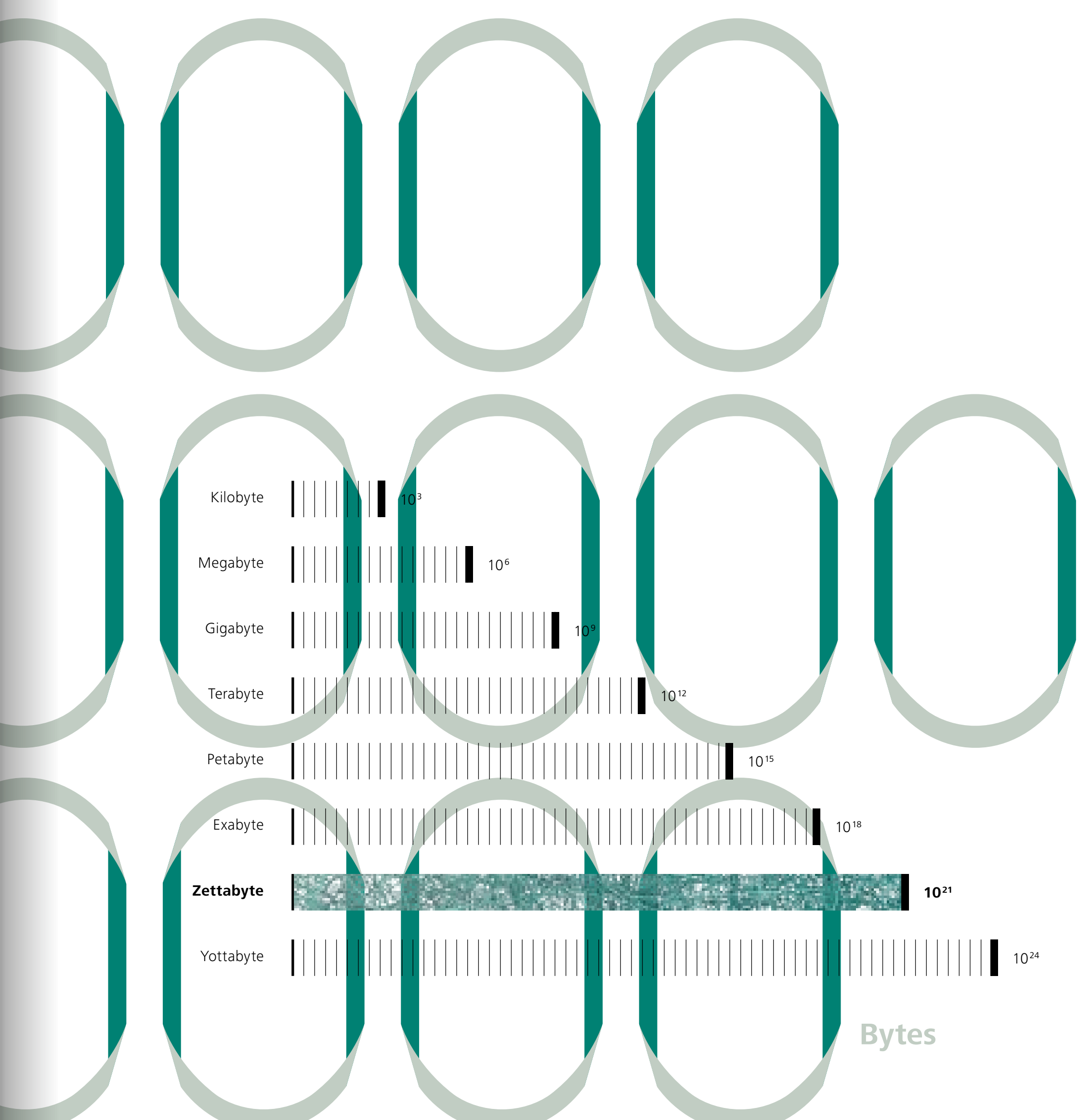
¬ data in all sorts of formats: videos, pictures, texts etc.

¬ technologies that make it possible to transmit and process data at increasing speeds.

¬ Global data volumes grew by a factor of ten to 1.8 zettabytes **in the period 2006-2011**



Comparison of data volumes
in zettabyte | *Projected
Source: BITKOM


Kilobyte 10^{3}
Megabyte 10^{6}
Gigabyte 10^{9}
Terabyte 10^{12}
Petabyte 10^{15}
Exabyte 10^{18}
Zettabyte 10^{21}
Yottabyte 10^{24}
Bytes

Networking visionaries

¬ **q**
The motto of this year's CODE_n contest is "Driving the Data Revolution". What exactly is CODE_n?

¬ **a** CODE_n is an innovation platform that brings together visionaries in various sectors. A place for creative start-ups and established companies to meet. This year, 50 young companies from 17 countries showcased their big data solutions in the 5,000-square-metre hall of the CeBIT fair dedicated to CODE_n.

Are we ready?

¬ **q**
How was the response to the CODE_n14 Contest?

¬ **a** Excellent! More than 450 start-ups from 60 countries wanted to participate. We were delighted with both the number and quality of the entries.

¬ **q**
As the initiator of CODE_n, how does the GFT Group benefit?

¬ **a** As a technology partner, we assist our clients with their future digital issues. It is important to identify opportunities as early as possible in order to develop the appropriate business models. Over the past few years, CODE_n has given an important impetus to our operating business. Thanks to strong global media coverage, we have also been able to position ourselves as an innovative company.

Andrea Wlcek

Director of Corporate Marketing & CODE_n

Customer acquisition, customer retention

Big data in sales and marketing

CODE_n finalist G|Predictive is changing the way marketing and sales departments handle large data volumes. At this year's CeBIT, the start-up founded in 2009 presented its Customer Lifetime Suite solution. The application provides tailored customer analyses quickly and easily – and allows companies to make the best use of their marketing and sales tools.

http://www.gpredictive.de/

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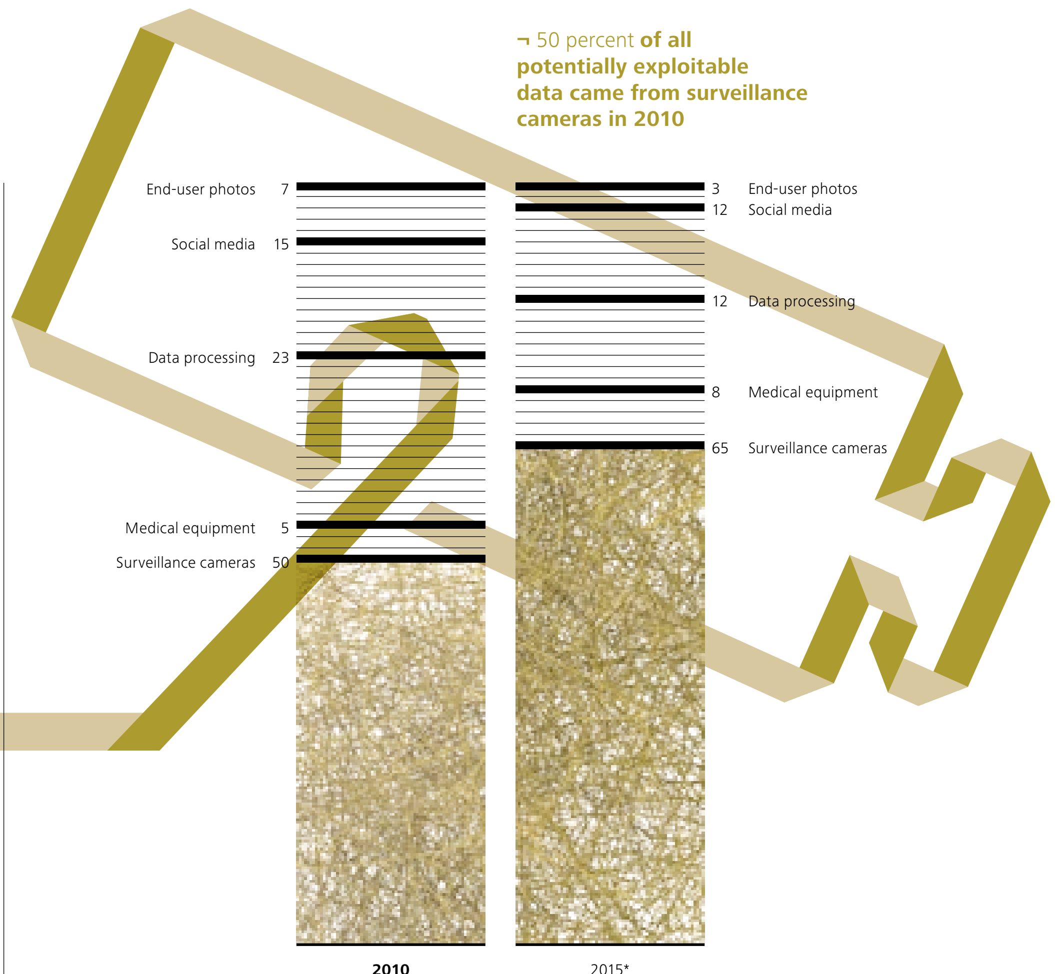
Accepting the challenge

¬ 50 percent **of all potentially exploitable data came from surveillance cameras in 2010**



Suppliers of potentially exploitable data

Percentage of total volume in percent | *Projected

Source: IDC

Data: burden or benefit? It depends what you do with them

Big data versus smart data

Only the data pools are big, the applications have to be smart. The technical ability to control huge data volumes is the key.

The growth in the power of data is unstoppable. Are we prepared for it? Do we need a new approach to information? A look at the players.

The experts are convinced: big data is a cultural revolution

Between fear and evangelism

The challenge of big data is no longer restricted to certain industries – it concerns policy-makers, business sectors, organisations and all users of digital technologies. After all, in the modern world it is virtually impossible not to leave digital footprints.

From big data to smart analytics

Many companies face the challenge of having to store, manage and analyse ever larger data volumes to be able to fully utilise them for their business processes. The overwhelming majority of the data collected by SMEs is still neither sorted nor tagged. However, these bits and bytes are the "raw material of our age". Exploiting this hidden treasure takes know-how, software tools and the development of smart processes for linking data. Only by recognising such links, meanings and patterns – such as between marketing and technology – can data become valuable and enable predictive models that can generate new added value.

Is big data making us more predictable?

IT experts are convinced that big data represents a cultural revolution. After all, what will become of intuition when algorithms govern our lives? What about the small errors and coincidences that have often sparked our progress in the past? How should I approach other humans in the knowledge that all my data has already been screened? Is negotiation in politics or business still a useful tool if every position has already been considered and analysed? The CeBIT 2014 fair made a conscious decision to lead with the top issue of "datability" – a word created from the global market trend of "big data" and the "ability" to use it in a sustainable and responsible way.

Intelligent questions, new answers

The availability of data is one thing – deriving information and progress, however, requires new and intelligent questions: how can customer transactions be analysed in such a way that products can be ideally placed? Which customer type prefers which time to visit their local bank branch? Which registered complaints lead to better or new products? The art and the skill is in joining together the right information. All companies are called upon to consider how they can benefit from their data. Big data is already being used by companies as an instrument for customer loyalty and sales, in market research or as a security tool against data abuse. But how can the collected data be remodelled to make them suitable for big data applications? And when is it worth investing in which application?

The obstacles for companies are not only their outdated IT infrastructures but also their staff. There is often a lack of suitable personnel who understand the technological side as well as knowing how marketing and sales processes work, for example in the financial sector. This is where our emagine division sees great potential to provide its solution expertise.

No carte blanche for exploitation

When implementing big data systems, users must always check the relationship between the achievable benefits and the reliability in the respective country.

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big data
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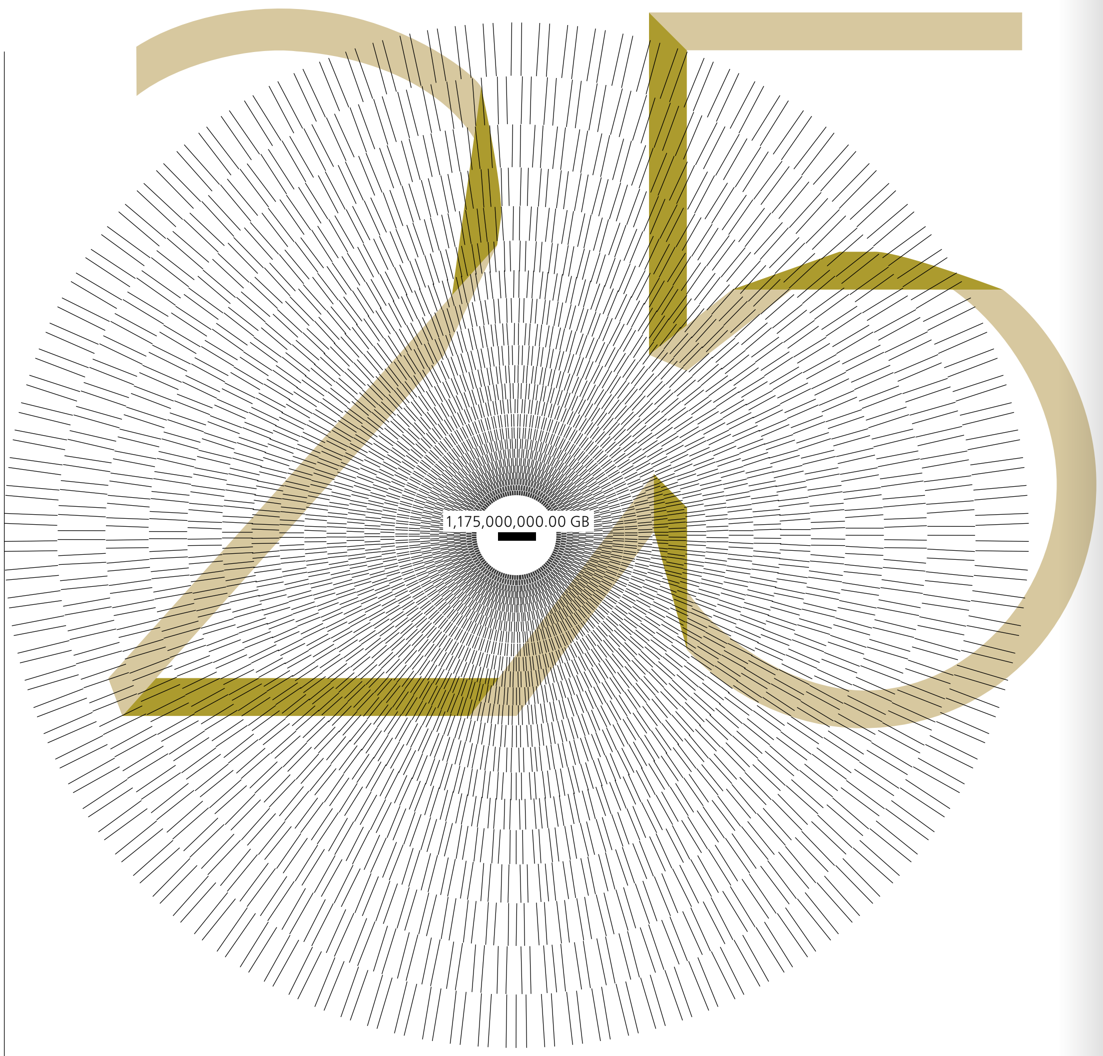

Storage capacity of a DVD compared to the daily volume of data on the Internet
in gigabyte
Source: IBM

¬ You would need 250 million
DVDs to store the data sent
around the Internet every day

4.7 GB

Stefan Frohnhoff

Managing Director of
emagine Germany

Experts for big data

¬ q
Does business regard big data as a burden or an opportunity?

¬ a At the moment, both. Although companies recognise the potential of what's currently lying dormant in their databases, they don't exactly know how to leverage it. This is especially true for SMEs. Across all industries, however, there is a growing understanding of the opportunities which intelligent big data applications might offer – and with it a growing need for external support.

Who helps with big data?

¬ q
How can emagine help companies in this respect?

¬ a With our international pool of experts, we can give them access to highly skilled specialists. Our professionals have the necessary technological know-how as well as a profound understanding of the business processes of our customers – and can be used flexibly.

¬ q
Which experts and which skills are most in demand?

¬ a Depending on the project phase, different experts are used. The tasks range from setting up an integrated IT infrastructure to analysing data and implementing specific application scenarios.

Big data made easy

IT consultant and emagine join forces for customer success

As an expert on big data infrastructures, Christian Richter wants to make handling large data sets as easy as possible for his customers. The IT freelancer and co-founder of altusInsight is a member of emagine's global network of experts. At CeBIT 2014, he presented his services to an expert public together with the emagine team.

¬ c. 2 / 3

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http://www.altus-insight.de/en

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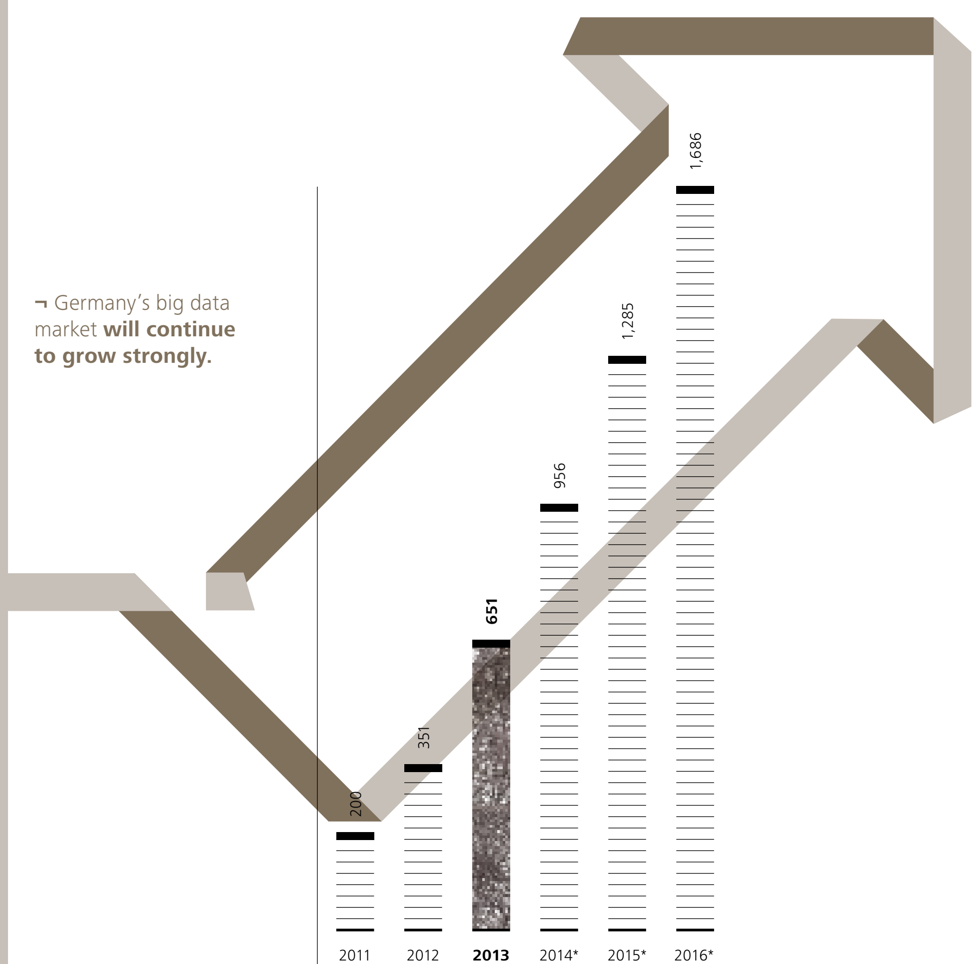
big data
big ideas

big ideas

New future perspectives


ideas

¬ Germany’s big data market **will continue to grow strongly.**



Development of German big data market

Revenue in € million | *Projected

Source: Deutsche Telekom

Creating value from change

big data is today

big data marks the beginning of a new development in the information age. Those who hesitate, will end up regretting it – there are plenty of opportunities to add value.

The creative, responsible and sustainable use of huge data volumes is a unique challenge. If we lay the right foundations, big data will give us the opportunity to change the world forever.

If you want to shape the future, you need visions, ideas and information

The view ahead is exciting: why do people behave the way they do? Is there maybe a link between body size and the way we move? Can impending disasters be predicted by analysing Twitter messages? Used correctly, big data can help us cope better with problems such as famine, poverty, disease and scarce resources. For instance, by evaluating the right data to make reliable forecasts about future developments. And by using the data to make the right decisions faster and more reliably – thereby speeding up our targeted response.

What is the potential of big data?

Take medicine, for example: in order to make decisions, a doctor needs an overview of various parameters: ECG data, x-rays, blood tests etc. This takes time and is prone to errors. Big data technologies make it possible to automatically analyse such heterogeneous data and clearly present only the most relevant facts. Combining large data volumes and statistical analyses can lead to discoveries in medical diagnostics, such as cancer research. State agencies are hoping to use big data to help fight crime and terrorism. Major infrastructure projects like airports, roads and utilities can be planned more quickly and efficiently with the aid of more accurate evaluations. And "autonomous driving" – a development that will shape the future of individual mobility – is unthinkable without big data applications.

What in-memory technology can do for companies

So-called "in-memory technology" represents a milestone in IT development. It enables data to be accessed and analysed directly from memory without first having to be stored on hard drives, for example. This results in much shorter access times. The general advantage: even unstructured data sets, such as in videos or photos, can be rapidly evaluated.

"In-memory" provides companies with the basis for new types of products, services and business models. During the Christmas season, for example, webshops can evaluate millions of customer requests at the moment they occur and respond immediately to product trends by placing orders with their suppliers. The key questions are: what

So-called in-memory technology is a milestone in IT

does the customer want right now? What are his friends, acquaintances and relatives ordering? In industry and the service sector, the potential for innovation is mainly in the fields of market monitoring, predictive maintenance and product enhancements. For banks and insurance companies, security is one of the biggest growth areas for big data applications. Evaluating the movement patterns of credit card transactions, for example, can quickly provide information on possible third-party abuse. A further area is risk management for loan providers. How can credit ratings for new and existing customers be improved? What can we learn and use from the major credit defaults of the past? Complex data landscapes represent a major challenge for financial service providers. But with skilled personnel and the right partner, banks can benefit from big data. With its innovative solutions, our GFT division can accompany banks and insurance companies along this path.

Make the most of the opportunities

Many companies are still hesitating. But in times of PRISM and cyber attacks, we need to tackle the topic of big data head on and use the huge variety of data to generate new business models which will ensure maximum network security.

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big data
big ideas

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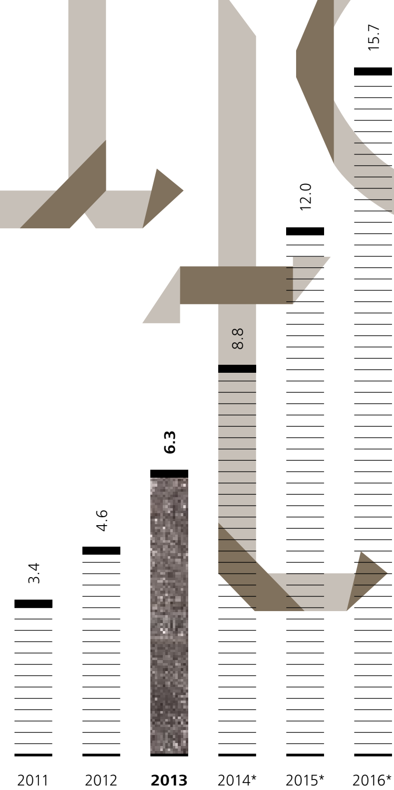
¬ **The global big data market is expected to grow to almost** €16 billion **by 2016**



Development of global big data market
Revenue in € billion | *Projected
Source: BITKOM

Real-time credit decisions

¬ q

How does GFT help financial institutes precisely access information in their data pool?

¬ a Before selecting specific big data technologies, banks and insurance companies have to decide: which approach are we going to take exactly? What about group-wide integration? GFT's experts understand the complexities of evolved IT structures and can help financial institutes develop and implement their own specific big data strategy. We also offer smart, tailored applications for risk or churn management, for example.

Which application fits?

¬ q

Which projects were realised in 2013?

¬ a We developed a credit rating solution based on SAP HANA which is able to check the underlying parameters in real time. This significantly facilitates the assessment of risk provisioning. In view of growing compliance requirements, such as Basel III, we also provided banks with expert advice in 2013 and subsequently helped them implement solutions into their existing financial architecture. In the investment and retail banking sectors, we implemented a number of highly complex projects based on Hadoop for our international clients. The challenge here was simply the unimaginable volume of data that had to be managed and analysed. In one project, for example, six petabytes – that's 10^{15} bytes – were created by mapping the data of the past seven years.

Michael Kannemacher

Senior Manager
Business Consulting GFT

Data warehouse system: flexible and automated

Start-up from Leipzig at the CeBIT

With **Data Virtuality** CODE_n brought a start-up to the CeBIT which is revolutionising the previously established data warehouse concept. The datavirtuality software enables users of any business intelligence front-end system to retrieve all relevant data – rapidly and cost-efficiently. The system is flexible, automated and can be implemented in just a few days. Data Virtuality originated from a research project at Leipzig University in 2012.

http://www.datavirtuality.com/en/

¬ c.2

¬ c. 2.1

big bang.
big challenge.
big ideas.

2013 was a remarkable year for the GFT Group. There were major technological topics which moved us. Major initiatives to deal with them. And fantastic results that we achieved.

The GFT Group and its operating divisions continued their dynamic development over the past year. This was also expressed by our new branding: the new GFT Group logo combines the three independent brands GFT, emagine and CODE_n under one roof and gives the GFT Group a distinct international image.

We still have great plans. Join us on our journey.

GFT GROUP

For companies around the world, the GFT Group is the technology partner for future digital issues. Under our umbrella brand, we combine innovative thinking with outstanding technical and industry know-how. Three pillars reflect the scope of our first-class technological expertise. Three distinct brands emphasise our strengths in the respective areas and enhance our market visibility.

GFT	emagine	CODE_n
*	**	***

¬ c. 2.2

The GFT Group

*
competent
reliable
international

With over 25 years of experience, **GFT** combines excellent industry know-how with profound technological understanding. The division stands for customised IT solutions, excellent consulting and the implementation of complex IT projects. GFT is one of the world's leading IT solutions providers for the banking sector.

**
dedicated
flexible
personal

Our **emagine** division enables companies in all industries to staff their strategic technology projects flexibly and seamlessly. Our clients can draw on an international network of highly qualified specialists.

***
innovative
bold
pioneering

Our international innovation platform **CODE_n,** ensures that we are always at the forefront of technological developments. It brings together the business models of young start-ups and the experience of established companies. CODE_n is an important component of the GFT Group's innovation management.

¬ c. 2.3

Strategy

GFT Group

Further sustainable growth with quality and future-oriented topics

Sector and technological expertise, innovative strength, operational excellence: these are the proven strengths with which the GFT Group aims to continue its sustainable growth course.

We plan to expand our international presence and achieve annual double-digit growth in both revenue and earnings. Our focus will be on the financial sector and selected growth markets.

The GFT Group
GFT

GFT: Global Delivery Model and strong customer relationships

With its strategic focus on the financial sector, the GFT division offers consulting, implementation and maintenance for IT applications.

Thanks to our many years of cooperation with leading financial institutes based on mutual trust, we understand the market's needs and link them with the possibilities offered by information technology. On the one hand, our offerings focus on the development of innovative IT solutions; while on the other, we are working hard to expand our services in system-relevant areas of the banking industry. This has enabled us to firmly establish GFT in the service provision structure of our clients – and thus secure stable demand even in low-investment periods.

Our growth strategy includes the systematic expansion of existing customer relationships. We aim to drive these efforts in 2014 while at the same time targeting specific new clients. We shall be focusing above all on the German banking sector as well as the financial markets of the UK and USA. In Italy, we aim to utilise our know-how in investment banking and grasp the growth opportunities with existing and new clients. Company acquisitions will only be made if they add specific competencies to our portfolio or provide access to new markets and customers.

A key component of our Global Delivery Model are our GFT Development Centers. Their cooperation enables us to combine the benefits of a local IT service provider with those of an offshore IT provider: perfect support, flexibility and an attractive cost level. At the same time, our international sites enable us to serve clients within their respective time zones. To meet the growing demand of our clients for expert local support, we plan to expand our teams in Germany, the UK and the USA in 2014.

We constantly adapt **our offerings** to market requirements. In order to meet compliance regulations, for example, most of our clients need to invest heavily in IT – with tremendous time pressure on the implementation process. We are therefore currently pooling our expertise in the field of compliance and data management to create attractive offers for their respective needs. We see great growth potential in both fields. A strong impetus is also expected from investment banking and from platform consolidations in retail banking. With our portfolio of services, we are well placed to swiftly and effectively utilise the resulting business opportunities.

“

When it comes to the reliable implementation of complex IT projects, leading financial institutes put their trust in GFT. They also value us as an innovation driver who can help them efficiently utilise cutting-edge technologies.

”

¬ Marika Lulay, Executive Board member

emagine

emagine: clear sector and technology focus

As the specialist for flexible work models, emagine helps companies optimise their business processes with the aid of highly skilled experts.

Thanks to our international network of specialists, we can provide individual experts or whole teams for complex technology projects. Our specialist pool brings together highly sought-after skills and thus gives clients the flexibility they need for staffing technology projects.

Considering the growing complexity of career profiles, ever-faster innovation cycles and the ongoing shortage of skilled personnel, we expect the demand for flexible, highly skilled specialists to keep on rising. emagine is ideally positioned to benefit from this trend: thanks to our clear focus on selected industries and technologies, we have a detailed understanding of the challenges facing our clients. At the same time, we have a pool of highly skilled experts able to help companies in these industries meet their business challenges – thereby creating a visible added value.

We are driving the expansion of our expertise areas with the aim of serving customer needs as fully as possible. On the one hand, we promote the continuous learning of our employees and on the other hand seek close partnerships with top-class experts around the world for whom we aim to be an attractive partner. This enables us to give companies access to experts with the necessary technological and sector know-how.

Our strategic target is the establishment and expansion of long-term customer relationships and the strengthening of our international presence. We continually seek to widen our client base in Germany, France and the UK. Our main focus is on growth markets such as the telecommunications industry, the finance sector, transportation, the automotive industry as well as the power and utilities sector. We expect further strong growth from the international placement of engineers in the machine and plant construction industry and are working on the expansion of our service portfolio. We are also closely monitoring other promising growth sectors and future-oriented topics in order to react swiftly to rising demand.

“

In order to fully exploit
the potential of new trends, companies
require highly specialised experts
combining strong business and industry
knowledge with technology expertise.
With its pool of specialists,
emagine helps companies integrate
new technologies and processes
into their business operations
and so generate a genuine added value.

”

¬ Jean-François Bodin, Executive Board member


¬ c. 2 / 3
¬ p. 057

CODE_n

CODE_n: monitoring tomorrow's business models

The driving force behind the GFT Group's success is our ability to recognise market and technology trends at an early stage and to translate them into company-relevant solutions. In order to actively shape digital progress, we set up the innovation platform CODE_n in 2011.

The aim of CODE_n is to create a global innovation network which will ensure sustainable progress and supply a relevant impetus for new business. Around the world, there are young companies who are passionate about quickly translating new technological trends into innovative business models. In cooperation with our highly acclaimed partners, each year we invite 50 of the world's most creative start-ups to the leading technology trade show, the CeBIT in Hanover, Germany. We bring them together with the innovation departments of major companies: this results in partnerships which benefit both sides.

For the GFT Group, CODE_n serves as a door-opener and as a source of innovation for future topics. In a structured group-wide process, newly discovered ideas and approaches are evaluated and subsequently translated into innovative solutions for our clients. Together with the Applied Technologies Group, which pools all R&D activities, this platform represents an important component of our group-wide innovation management.

“

Digital change offers a wide range of opportunities which we aim to make accessible to our clients. With CODE_n, we have created an international innovation platform. New ideas are translated into tomorrow’s business models. This enables the GFT Group to remain a pioneer and reliable partner for future topics.

”

¬ Ulrich Dietz, Chief Executive Officer

GFT GROUP
2013

The GFT Group
GFT, emagine, CODE_n

GFT GROUP

On course for success with a strong and experienced team

Maintaining and expanding established customer relationships with compelling arguments while at the same time developing innovations with added value for financial service providers is only possible with an experienced team of top-quality staff in all positions. Composed of people whose knowledge, creativity, commitment and interaction ensure the success of the team as a whole.

We have such people: over 2,100 employees. They are the foundation of our future success and growth. The goal: to retain them within the GFT Group. Our group-wide structures were created for this purpose. An international career model, individual support and a strong corporate culture which make the GFT Group an attractive employer.

A further core area of our HR policy is the global recruitment of top talent. Against the backdrop of an increasing shortage of skilled staff, our mission is to compete for – and recruit – the best minds available. In order to attract young talent to the GFT Group, we actively approach university graduates and – not only for this reason – nurture partnerships with universities in Spain and Germany.

In order to give our employees the opportunity to reach their full potential, we support their personal and professional development with our group-wide programmes. With our GFT Solutions Academy and mentoring programme, we consistently invest in the intensive education and training of our employees – irrespective of the current economic climate. This strategy has paid off in recent years: this is what enabled us to actively shape technological progress and uphold the high quality promise we give our customers.

In addition to the acquisition of professional knowledge, we also attach great importance to the development of leadership skills and promote the recruitment of executives from our own ranks. With our new Accelerated Leadership Programme, which follows on seamlessly from the successfully completed GFT High Potential Programme, and our eMIT programme (emagine Management International Training), we feel we are on the right path.

In addition to these programmes, we encourage both variety and flexibility within the GFT Group. Achieving the right balance between work and private life is not just an empty phrase for us! We promote diversity in our workforce on many different levels. Colleagues from different countries with a variety of cultural backgrounds in international teams, a ratio of women in leadership positions above the industry average – these are all factors which make working for the GFT Group so appealing. We know that this variety of differing talents, which complement each other and motivate each other to reach new heights, will help secure the long-term success of the GFT Group.

"

A strong international team
is the basis for our present
and future success. Our employees
demonstrate their expertise
and creativity on a daily basis
in challenging projects. The GFT Group
provides the necessary framework
to promote and support them.
Working together towards our goals.
Every individual counts.

"

¬ Dr Jochen Ruetz, Executive Board member

¬ c.3

Financial information

¬ c. 3.1

The Company

¬ c. 3.2

Group Management Report

¬ c. 3.3

Consolidated Financial Statements acc. to IFRS

¬ c. 3.4

Annual Financial Statements of GFT Technologies AG (excerpt)

¬ c.3.1

¬ c. 3.1

The Company

¬ c. 3.1

Letter of the Chairman of the Executive Board

Ulrich Dietz, Chairman of the Executive Board

Dear Ladies and Gentlemen

The general conditions for our business remained challenging in 2013: global economic growth lost momentum over the year, while the eurozone struggled to escape recession and again posted negative figures for the year as a whole. It is all the more gratifying, therefore, to report that our business activities made good progress in this challenging market environment.

With revenue of €264.29 million and pre-tax earnings of €17.52 million, we once again exceeded our full-year guidance – which we already upgraded in the third quarter. This positive development was honoured by the capital market with a 100% increase in our share price.

In mid 2013, we acquired Sempla – a leading Italian IT consulting company. As a result, we were able to gain 441 highly skilled IT experts in Europe's fourth-largest IT market. We were also able to hire 170 new staff at our Spanish development centres, thanks to the encouraging level of utilisation. The GFT Group began its financial year 2014 with 2,111 employees at 32 locations in eight countries.

Despite the progress made by our company, however, the environment remains challenging. In order to position ourselves more clearly, we have revamped our brand image: the GFT Group pools our expertise as a global technology partner for future digital issues. The GFT Group comprises the two distinct brands of our operating divisions GFT (formerly GFT Solutions) and emagine, as well as the innovation platform CODE_n. Within the GFT Group, GFT stands for the development, implementation and maintenance of innovative IT solutions for the finance sector. emagine helps companies staff technology projects flexibly with highly skilled experts. CODE_n is the GFT Group's innovation platform which brings us together with international start-ups and technological pioneers.

The development of our two operating divisions GFT and emagine varied in 2013. We are satisfied with the progress made by the GFT division, which raised revenues by 44% to €174.04 million and improved earnings by 53% to €19.63 million. These healthy figures result to an overwhelming extent from strong organic growth and improved operating margins. Sempla, our Italian acquisition, contributed €21.77 million to revenue in the second half of the year. Key drivers of this positive trend were the division's IT solutions for investment banking as well as compliance solutions for the growing requirements of other institutions in the finance sector.

2013 was a year of strategic realignment for our emagine division. It now focuses on technology-driven growth fields in selected industries and has expanded its expertise in the field of engineering. The planned withdrawal from low-margin business fields in 2013 led to a revenue loss of around €15 million. Earnings were also burdened by expenses for the division's realignment. As a result, the past financial year is only partially comparable with the previous year. With revenue of €90.23 million and earnings of €1.06 million, emagine fell just short of expectations. We anticipate that emagine will return to growth during the course of the year.

Developed in 2011, the innovation platform CODE_n has become a highlight of the IT fair CeBIT with huge media coverage. With the aid of CODE_n, we are positioning the GFT Group as an innovative and forward-looking company.

GFT is working hard on solutions for the finance sector which utilise big data technologies. As a strategic IT partner, we help our customers to develop innovative business models and to optimise cost-intensive IT areas: new market entrants mean that banks face the challenge of dedicating a larger portion of their IT budgets for innovation. This is only possible if they can reduce the operating and maintenance costs for their systems, which account for the major share of their IT budgets. We see tremendous growth opportunities for GFT's business in this field. We also believe that the forthcoming Banking Union will almost certainly lead to a considerable extension of the compliance requirements for financial institutions. Increasing demand for IT-based compliance solutions is therefore likely.

We are upbeat about our prospects for 2014 and aim to continue along our profitable growth path with organic growth and strategic acquisitions. We aim to increase revenue to €310 million and post pre-tax earnings of €23 million in 2014.

We hope that our shareholders and business partners will continue to accompany us on this path.

Ulrich Dietz
Chairman of the Executive Board

Executive Board

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.

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.

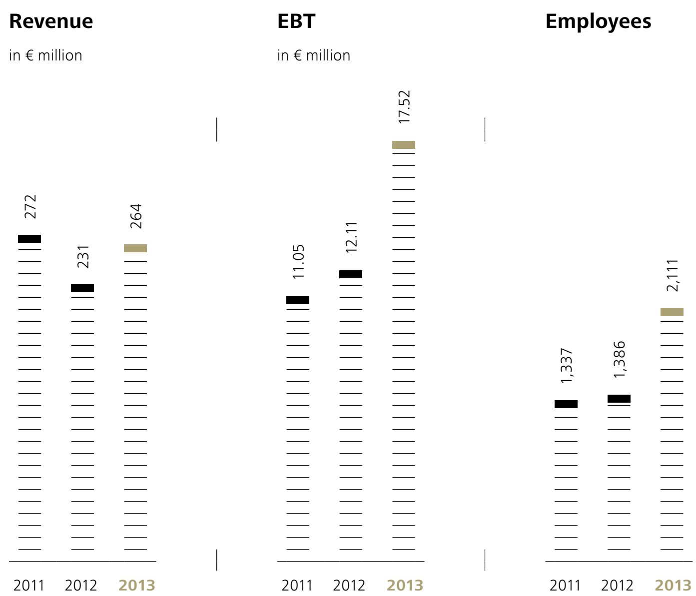
Dr Jochen Ruetz
has been CFO since 2003 and is responsible for the corporate functions Finance, HR, Internal Audit, Legal Affairs and Procurement.

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


Dr Jochen Ruetz
Marika Lulay
Jean-François Bodin
Ulrich Dietz

The GFT Group

At a glance



GFT Group

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

GFT

is a leading IT solutions provider for the international finance sector

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

emagine

is a recruitment partner for selected growth industries

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

GFT share

With growth of 100% to year-end 2013, the GFT share easily outperformed the major blue-chip and sector share indices. The relentless upward trend was accelerated during the year by good business results and positive analyst ratings. At around 44,000 shares, the average daily trading volume was more than three times as high as in the previous year.

Strong growth on international share markets

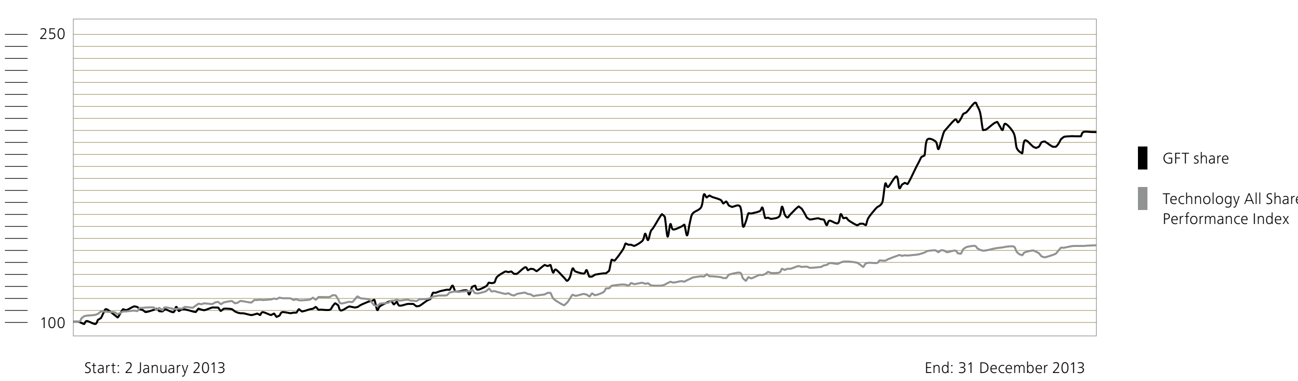
2013 was a successful year for the international stock markets. As the central banks continued their expansionary monetary policy and the euro crisis began to subside, stock indices around the world ended the year just below their year-highs, or in some cases all-time-highs. Although speculation about an end to the US Federal Reserve's loose monetary policy and political turmoil such as the Italian government crisis and the budget freeze in the USA unsettled the markets, the upward trend was interrupted only briefly. By the end of 2013, the Dow Jones index had gained more than 25% over the previous year and the Nasdaq as much as 40%.

The European stock markets only began to display similar momentum in the second half of the year. Poor economic data and the simmering euro crisis had previously led to restraint, especially from institutional investors in the USA. The turnaround was triggered by the mid-year commitment of ECB President Mario Draghi to maintain the bank's expansionary monetary policy and, if necessary, to buy bonds of troubled countries. This led to a succession of all-time-highs on the German stock market and drove the blue-chip DAX index to a record 9,586 points shortly before year-end. With growth of over 25% in 2013, the DAX enjoyed one of the most successful years in its 25-year history. The tech stock index TecDAX recorded growth of over 40%, followed by the mid-cap MDAX index with growth of around 39%.

GFT share up by 100%

The **GFT share** started the 2013 trading year at €3.22. Following a sideways shift in the first quarter with moderate growth of 6%, the share appeared largely unaffected by general market turmoil in the second quarter and continued to grow in a largely volatile environment. The steady upward trend was further bolstered by the presentation of financial results for the first quarter in May. After gaining 27% in the first six months, the GFT share was then able to build on this positive performance in the second half of the year amid rising trading volumes. In the reporting month of August, the share continued its upward trend on publication of GFT's half-year results and positive analyst ratings. Towards the end of the third quarter, there were some losses in a volatile market environment sparked by the crisis in Syria. With growth of 52% after the first nine months, however, the share was already significantly

Share performance 2013 (indexed) – GFT Technologies AG vs. TecAll



outperforming the key benchmark and industry indices. The GFT share also continued its upward trajectory in the fourth quarter. Following the announcement of the company's Q3 results and its upgrade of full-year guidance, the share reached its year-high of €6.94 in November. In December, the GFT share began a more lateral trend accompanied by profit-taking towards year-end as a result of its strong price performance over the previous months. Nevertheless, the share was able to defend its 38-day moving average (€6.44) in strong trading and ended the year at €6.45. This corresponds to growth of over 100%. The daily average trading volume of the GFT share processed via the Deutsche Börse AG platform rose to 43,949 in 2013 compared to 11,377 in the previous year.

Changes in shareholder structure

As of 31 December 2013, the share capital of GFT Technologies AG amounted to €26,325,946, divided into 26,325,946 no-par bearer shares. Each no-par share has a prorated share of capital amounting to €1.00.

According to voting right notifications pursuant to Section 21 of the German Securities Trading Act (WpHG) received in financial year 2013, the shareholder structure of GFT Technologies AG changed as follows:

In October, LBBW Asset Management Investmentgesellschaft informed us that its shareholding had reached the 5-percent threshold. On 25 October, its shareholding in GFT Technologies AG amounted to 5.00% (1,316,730 voting rights).

At the end of the year, company founder Ulrich Dietz still held 28.08% of shares and Maria Dietz owned 9.68%. Dr Markus Kerber held 5.00%. As of 31 December 2013, the free float portion amounted to 52.24%, compared to 57.24% at the end of the previous year.

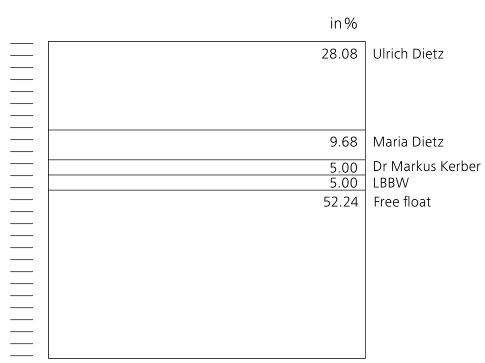
Annual General Meeting adopts all proposals

A total of 59% of voting rights were represented at the Annual General Meeting of GFT Technologies AG on 15 May 2013. All proposals presented by the Executive Board and Supervisory Board were adopted with large majorities.

Dividend increase

In the past financial year, shareholders participated in the profit of GFT AG for the year 2012 with a dividend payment of €0.15 per share. This corresponds to a total dividend payment of €3.95 million and a dividend yield of 4.6% based on the share price of €3.24 on 28 December 2012. At the Annual General Meeting on 27 May 2014, the Executive Board will propose the payment of a dividend of €0.20 per no-par share for the 2013 financial year, corresponding to a total payout of €5.27 million and a dividend yield of 3.1% based on the closing price of €6.45 on 31 December 2013.

Shareholder structure on 31 December 2013



Information on the GFT share	2013	2012
Year-opening quotation (daily closing price Xetra)	€3.22	€2.75
Closing quotation end of year (daily closing price Xetra)	€6.45	€3.24
Percentage change	+100%	+18%
Highest price (daily closing price Xetra)	€6.94 (18/11/2013)	€3.30 (08/10/2012)
Lowest price (daily closing price Xetra)	€3.20 (03/01 and 07/01/2013)	€2.75 (02/01/2012)
Number of shares on 31 December	26,325,946	26,325,946
Market capitalisation on 31 December	€170 million	€85 million
Average daily trading volume in shares (Xetra and Frankfurt)	43,949	11,377
Earnings per share	€0.52	€0.32

ISIN: DE0005800601
Initial stock market quotation: 28/06/1999
Market segment: Prime Standard

Continuous capital market communication

We maintain a continuous dialogue with our shareholders, financial analysts and business journalists regarding the company's strategy and business development. We strive to provide a high degree of transparency and openness. In the past financial year, there were numerous one-on-one meetings with members of the company's Executive Board and management team. On publication of our annual and quarterly results, the Executive Board explained the development of sales and earnings of the GFT Group during conference calls. In addition, the Executive Board presented the company at six capital market conferences and three roadshows held at major European stock exchanges and, for the first time, in New York. Interest in the company has grown strongly, especially among institutional investors abroad. Of the four financial institutes that publish studies on the GFT share, there were three "Buy" ratings and one "Hold" at the end of the year. 2013 saw the addition of a further research specialist with a strong international orientation whose studies on the GFT share have a wide reach.

Supervisory Board Report

Dr Paul Lerbinger
Chairman of the Supervisory Board

The constructive cooperation between the Executive Board and Supervisory Board in a spirit of mutual trust is one of the cornerstones for the success of the GFT Group. Both executive bodies maintain an open but also critical dialogue with each other aimed at driving the positive development of the company. In addition to its statutory monitoring function, the Supervisory Board sees itself as a provider of ideas and as an advisor for both operating and strategic issues.

Dear shareholders,

We faced an uncertain and challenging environment in our financial year 2013, especially in Europe. Although the European financial and sovereign debt crisis has largely been contained, the economic and social consequences are now becoming apparent and are likely to occupy the member countries of the eurozone in particular for many years to come. Other events such as the government shutdown in the United States caused by the non-approval of budget funds, and the political and economic crises in numerous other countries contributed to considerable market anxiety. Despite the general lack of any real growth impetus, however, there were growing indications of a slight economic upturn on the global markets.

It was all the more gratifying therefore that the GFT Group made such strong progress in its financial year 2013 in such a difficult environment. With revenue of €264,29 million and EBT of €17,52 million, the company even surpassed the financial targets it had set based on the most favourable assumptions. With the acquisition of an 80% stake in Gruppo Sempla S.r.l, Milan (as of 1 January 2014, GFT Italia S.r.l, hereinafter also referred to as Sempla or GFT Italia), the GFT Group not only gained access to the Italian market, but also made a significant strategic move for the successful future development of the company. The operational success and strategic profile of the GFT Group are reflected on the capital market by the fact that our share price doubled during the reporting year.

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 accordance with its obligations pursuant to law, the Articles of Association and its rules of procedure, the Supervisory Board once again spent considerable time carefully monitoring the activities of the Executive Board. At every meeting, all projects of the Executive Board, the individual operating divisions, and the activities of the subsidiaries and their respective results were scrutinised in detail and 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. Not only did we discuss management questions such as risk management, the internal control and audit systems, and the operational alignment of the GFT Group, but also various options for long-term corporate growth. There was also an in-depth analysis of the acquisition and integration of Sempla (Italy), as well as the development of the acquisitions Asymo AG (Switzerland) and G2 Systems (USA) made in 2011.

In written and verbal reports, the Executive Board regularly informed the Supervisory Board both during and outside its meetings regarding 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 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. At separate strategy meetings, those members most familiar with the Group's operational business, together with the Chairman of the Supervisory Board, discussed in detail the prospects and future orientation of individual business divisions with the Executive Board.

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 able to exercise its monitoring function carefully and promptly at all times throughout the reporting period.

Due to its limited size, the Supervisory Board continues to believe there is no need for it to form committees. All tasks can be performed in a sensible and transparent manner by the Supervisory Board as a complete body, whereby individual members focus in particular on specific areas.

Supervisory Board meetings and discussions held outside of meetings

The Supervisory Board held six meetings and two conference calls in the financial year 2013. Resolutions on particularly urgent issues were adopted outside of meetings by phone or e-mail. All Supervisory Board members attended more than half of the meetings.

At each of its meetings, the Supervisory Board held detailed discussions on the company's business development, dealing equally with its short-, medium- and long-term corporate and financial planning. The main topics of operating business discussed were relations with major customers, the earnings prospects of the various business divisions, questions regarding growth via possible company acquisitions. Moreover, the Supervisory Board was informed in detail at every meeting about the current status of negotiations prior to the acquisition of Sempla and about the progress of its integration into the GFT Group after the acquisition. During the reporting period, the Supervisory Board also held regular internal meetings without the participation of the Executive Board, especially to discuss personnel matters concerning the Executive Board, such as the upcoming extensions to Executive Board service contracts and internal issues of the Supervisory Board.

The year's activities began with a **conference call on 27 February 2013,** during which the Executive Board and Supervisory Board discussed the preliminary figures of the Annual and Consolidated Financial Statements for the financial year 2012 as submitted by the Executive Board. The Executive Board's suggestion regarding the dividend to be proposed to the Annual General Meeting was discussed in great detail and subsequently approved by the Supervisory Board following its own examination. The Executive Board also informed the meeting about the status of negotiations for the acquisition of Sempla.

At the **balance-sheet meeting on 21 March 2013,** 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, it had previously examined in detail the Annual Financial Statements, the Management Report and the proposal for allocation of net income of the parent company (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.

The meeting then discussed the agenda for the Annual General Meeting as well as the individual agenda items and, together with the resolutions to be proposed for adoption by the Annual General Meeting, approved all items. Furthermore, the Executive Board reported on the progress of negotiations for the acquisition of Sempla.

At those meetings held without the presence of the Executive Board ("internal meetings of the Supervisory Board"), the Supervisory Board subjected its work to the regular efficiency reviews 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.

In order to gain a personal impression of the task structures and management team of the GFT Group's largest national organisation, the Supervisory Board held its meeting on **6 May 2013** in Sant Cugat del Vallès, the head office of GFT Iberia. Addition to a presentation of the management team, the functions of the unit as part of the company's Global Delivery Model were explained in detail. The course of business in the first quarter and the quarterly report were further items on the agenda. Moreover, the relevant staff members and Executive Board explained the risk management and controlling system in the field of project management, as well as the development of the company's internal audit and accounting system, which were then discussed in detail. The progress of the Sempla acquisition was a further topic of the meeting.

The **meeting on 14 May 2013** served to prepare the Annual General Meeting on the following day. The also Supervisory Board asked the relevant country manager to explain the strategic alignment of the AG's German operations and subsequently discussed her presentation in detail with the Executive Board. At an internal meeting held in advance, the Supervisory Board had approved the reappointment of two Executive Board members and the extension and content of their service contracts.

During the **conference call of 30 May 2013,** the Executive Board informed the Supervisory Board about the details of the proposed Sempla acquisition. After a full discussion of the item, the members of the Supervisory Board adopted the Executive Board's proposals regarding the acquisition of the company.

The **meeting of 5 August 2013** 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 Supervisory Board also dealt in detail with the liquidity strategy and planning of the GFT Group. Following intensive discussions, the Supervisory Board approved the plans submitted by the Executive Board. A further topic of discussion was the progress of the Sempla's integration into the GFT Group.

At its **meeting on 4 November 2013,** the Supervisory Board discussed the course business in the third quarter of 2013, the Quarterly Financial Report and the forecast for the fourth quarter of 2013. Moreover, considerable time was devoted to an assessment of Asymo AG (Switzerland) and G2 (USA), as well as the status report on the integration of Sempla.

At the **meeting on 16 December 2013,** the Executive Board presented the budget for the financial year 2014 and explained the company's medium-term planning, including the financial, investment and manpower planning. During the subsequent discussion, the development of revenue and earnings was presented and the underlying assumptions about the expected course of business were critically assessed. The Supervisory Board approved the Annual Budget submitted by the Executive Board, including investment and liquidity planning for 2014.

Furthermore, the Supervisory Board focused on the GFT Group financial investment policy, and asked the Executive Board to report on the progress of the organisational integration of Sempla. The planned building work on the property in Stuttgart acquired in 2013, and the relocation of the Sant Cugat facility to a new rented office building were further topics of the meeting. After detailed discussions, the Supervisory Board approved the plans submitted on this subject by the Executive Board. At the internal meeting of the Supervisory Board held prior to this session, the re-appointment and contract extension of one Executive Board member was adopted, as well as the contents of this contract.

Corporate Governance and Declaration of Compliance

In financial year 2013, 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), which also contains details on the remuneration of the Executive Board and Supervisory Board.

At the meeting of 16 December 2013, the committee approved the joint declaration of the Supervisory Board and Executive Board on the German Corporate Governance Code (GCGC) pursuant to section 161 AktG. The document was published on the company's website www.gft.com/corporate-governance on 18 December 2013.

The members of the Supervisory Board individually pursued their duties regarding ongoing training, as also recommended by the GCGC, 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 two training events of the Audit Committee Institute e.V., organised at its behest by the parent company (AG). In particular, these events provided information on current developments, trends and problems in monitoring management, as well as the risk management and control systems of companies, 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 Technologies AG and its subsidiaries 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. We are not aware of any conflicts of interest regarding members of the Executive Board pursuant to section 4.3.4 GCGC.

Annual Financial Statements and Consolidated Financial Statements 2013

The accounting, the Annual Financial Statements and Management Report as at 31 December 2013 of GFT Technologies AG (»GFT AG«), as well as the Consolidated Financial Statements and Group Management Report of the GFT Group as at 31 December 2013 were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, who were appointed as auditors for the financial year 2013 by the Annual General Meeting. 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 of GFT AG and the Consolidated Financial Statements and Group Management Report as at 31 December 2013, 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 2014. 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.

All information contained in this report reflects the status of 24 March 2014.

Further information on the members of the Supervisory Board can be found in the Notes to the Consolidated Financial Statements, chapter 34.

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 2014, it approved the Annual Financial Statements 2013 of GFT AG and the Consolidated Financial Statements of the Group for 2013, as prepared by Executive Board, with a respective resolution. The Annual Financial Statements are 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 €0.20 per ordinary share entitled to dividends is reasonable and therefore supports this proposal.

Thanks

The Supervisory Board would like to thank all employees of the GFT Group in Germany and abroad, as well as the members of the Executive Board, for their great commitment and extremely successful work in 2013. We also thank our shareholders, who have given GFT AG their trust over the past financial year.

Stuttgart, 24 March 2014
On behalf of the Supervisory Board

Dr Paul Lerbinger
Chairman of the Supervisory Board

FURTHER INFORMATION ON CORPORATE GOVERNANCE OF GFT GROUP TECHNOLOGIES AG

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

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

The GFT Group

Benefit from our international presence.

¬ Sites around the world, sites in your vicinity.

¬ 2 sites
North America

¬ 2 sites
South America

¬ 28 sites
Europe

¬ 2 sites
USA
- ¬ Boston
- ¬ New York

¬ 2 sites
Brazil
- ¬ São Paulo
- ¬ Sorocaba

¬ 1 sites
France
- ¬ Paris

¬ 2 Standorte
Switzerland
- ¬ Basel
- ¬ Zurich

¬ 2 sites
UK
- ¬ London

¬ 5 Standorte
Spain
- ¬ Barcelona
- ¬ Lleida
- ¬ Madrid
- ¬ Saragossa
- ¬ Valencia

¬ 8 sites
Germany
- ¬ Berlin
- ¬ Bonn
- ¬ Düsseldorf
- ¬ Eschborn/ Frankfurt
- ¬ Hamburg
- ¬ Munich
- ¬ St. Georgen (Black Forest)
- ¬ Stuttgart

¬ 10 sites
Italy
- ¬ Florence
- ¬ Genoa
- ¬ Milan
- ¬ Montecatini Terme
- ¬ Padua
- ¬ Parma
- ¬ Piacenza
- ¬ Siena
- ¬ Turin

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Group Management Report

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Group Management Report

of GFT Technologies Aktiengesellschaft as of 31 December 2013

1. BASIC PRINCIPLES OF THE GROUP

1.1. Business model

Group structure

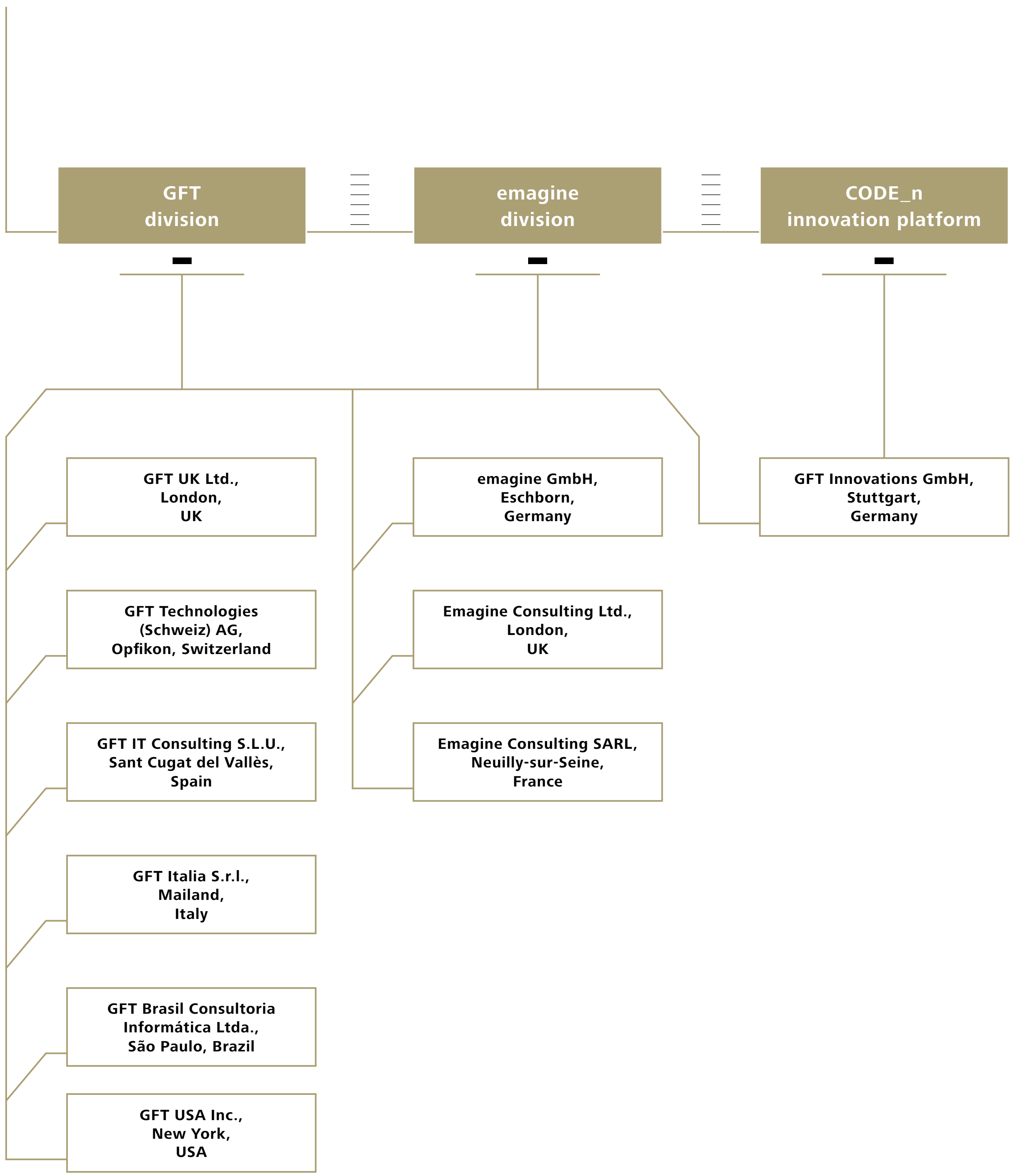
As the strategic management holding company of the GFT Group, GFT Technologies Aktiengesellschaft (GFT AG) is responsible for the management and control instruments and manages all legally independent Group companies. In addition to defining the corporate targets and strategy, its key responsibilities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

The GFT Group is represented by 32 locations in eight countries (Germany, France, UK, Italy, Switzerland, Spain, USA, Brazil).

With the acquisition of an 80-percent stake in the Italian company Sempla S.r.l., Milan, Italy (Sempla), on 30 May 2013, the GFT Group took a further important step towards internationalisation. The acquisition of Sempla was closed on 3 July 2013 so that the effects from the takeover became effective for the GFT Group's accounts as of the 3rd quarter of 2013. As of the beginning of 2014, Sempla now trades under the name GFT Italia S.r.l.

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



Business operations

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

The GFT Group's operations are centrally managed across all locations and countries. The GFT Group comprises the two operating divisions GFT (formerly GFT Solutions) and emagine, as well as the innovation platform CODE_n. Each division is marketed under its own brand name. Within the GFT Group, GFT stands for the development, implementation and maintenance of innovative IT solutions for the finance sector. emagine helps companies staff technology projects flexibly with highly skilled experts. CODE_n is the GFT Group's innovation platform for technology trends and future IT issues.

As a strategic IT specialist, the GFT division helps financial institutes optimise their business processes with the aid of innovative IT concepts and solutions. Its services include advising financial institutes on the development and realisation of company-wide IT strategies, the implementation and maintenance of bank-specific standard software, and the development of applications tailored to specific clients and sectors. A major focus area is the maintenance and further development of business-critical core processes. The division has many years of experience as a strategic IT partner for major, 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 Big Data, Mobility, Social Media and Cloud Computing. With the aid of its Global Delivery 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 the field of banking, insurance, transport, energy and telecommunications. Its core markets are Germany, UK and France.

Initiated in 2011, the innovation platform CODE_n comprises an international start-up contest for future IT issues. It has become a highlight of the international IT fair CeBIT and generates extensive media coverage for the GFT Group. With the aid of CODE_n, the GFT Group has positioned itself as an innovative and forward-looking company with advance access to pioneering IT innovations.

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, EBT (earnings before taxes) and EBITDA (earnings before interest, taxes, depreciation and amortisation). EBITDA was introduced in the second half of 2013 to improve the assessment of acquisition effects, especially in view of the Sempla acquisition. 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 sector; contribution; account collection targets; and staff utilisation rates at our development centres. Target/actual and year-on-year comparisons of key financial indicators performance are to be found in the Economic Report.

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

In order to ensure market success as a technological and innovation leader, the GFT Group identifies and analyses the most important technology trends in the business environment of its customers at an early stage. On this basis, the GFT Group develops pioneering solutions in its GFT division that enable new business models and help clients enhance their competitive position by gaining a technological lead. The central Group Technology & Information Office observes market trends, prepares trend analyses, evaluates them, then conducts and coordinates research and development. Innovative basic research is performed at our Applied Technologies Center in Spain, which examines the viability of new technological developments for our clients, 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, the optimisation of software development processes according to the international standard CMMI® (Capability Maturity Model Integration) was continued in 2013.

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

GFT Appverse is an open source development platform for mobile and web-based applications. The platform was enhanced by the Applied Technologies division in 2013 with regard to stability and security and with the addition of cloud services. GFT uses this platform to develop customer-specific apps for mobile devices.

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

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 2013 were solutions for the 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.

The project management solution **Cardinis** – acquired in connection with the Sempla takeover – was further developed for the international market. Cardinis supports both the management of individual projects as well as all projects of a company. The development costs incurred in the second half of 2013 amounting to €0.09 million were capitalised.

The GFT Group invested a total of €2.06 million in research and development during the reporting period 2013; this corresponds to a year-on-year increase of 31% (prev. year: €1.57 million). The largest share of this total (€1.84 million or 89%) was accounted for by personnel expenses (prev. year: €1.21 million or 77%).

2. ECONOMIC REPORT

2.1. General economic and sector-specific conditions

General economic conditions

The global economy grew increasingly stable towards the end of 2013. After the International Monetary Fund (IMF) had repeatedly downgraded its growth forecast during the course of the year, it reported global economic growth of 3.0% for the full year 2013 in its World Economic Outlook of January 2014. In October 2013, the forecast was 2.9%. In its survey of November 2013, the German government's Council of Economic Experts had predicted an increase in global economic output of 2.2%.

Despite the slight upward trend over the year as a whole, gross domestic product (GDP) in the countries of the eurozone fell by 0.4%. This figure was reached by both the IMF and the Council of Economic Experts. The main reason for this development was the slow start to 2013.

Following a period of stagnation in the first quarter of 2013, the German economy achieved steady but moderate growth over the rest of the year and an increase of 0.4% for 2013 as a whole. This confirmed the expectations of the IMF and the Council of Economic Experts who had predicted growth of 0.5% and 0.4%, respectively.

Sector-specific conditions

The global IT and telecommunications sector outperformed the overall economy in 2013. According to figures of the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM) reported in October 2013, the revenue generated by products and services in the IT and telecommunications sector reached a record €2.84 trillion in 2013 – an increase of 3.8% over the previous year. The IT market is thought to have grown by 3.3% to €1.18 trillion, and the IT services segment by 3.4% to €510 billion. The strongest international growth was recorded by the BRIC states (Brazil, Russia, India and China). Once again, the USA accounted for the largest share of the global ICT market in 2013 with 27.1%; the EU accounted for 21.3%.

BITKOM downgraded its full-year 2013 forecast for the German ICT market in October 2013. After predicting growth of 1.4% in spring 2013, the high-tech association forecast merely stable revenue of €152 billion in autumn 2013; this corresponds to slight growth of 0.1%. BITKOM calculated growth of 2.0% to €74.7 billion for the IT market. Revenues from IT services are thought to have risen by 2.4% to €35.7 billion.

According to the experts of the European Information Technology Observatory (EITO), the importance for companies of IT security grew strongly throughout Europe in 2013. In a report on current technology trends published in December 2013, the experts claimed that investments in improving IT security had been given top priority by over two thirds (70%) of all European companies. Big data, infrastructure modernisations and the integration of mobile solutions into work processes were further key trends, according to EITO.

2.2. Development of business

Development of business compared to guidance

The GFT Group announced its revenue and earnings guidance for the financial year 2013 on publication of its Annual Report 2012 on 28 March 2013. It forecast an increase in consolidated revenue of 3% to €238 million for the financial year 2013, with pre-tax earnings (EBT) of €12 to €13 million. For the financial year 2015, the GFT Group anticipated revenue of €400 million and an operating pre-tax profit margin of over 6%.

In an ad-hoc announcement on 30 May 2013, the GFT Group informed the capital market that it had acquired Sempla S.r.l., Milan, Italy, and raised its revenue guidance for the full-year 2013 to around €260 million (formerly €238 million). With the publication on 8 August 2013 of the Half-Yearly Financial Report, the guidance for earnings was also adjusted to take account of the Sempla takeover. The GFT Group upgraded its pre-tax earnings (EBT) forecast for 2013 to at least €15 million (previously €12 to €13 million) and expected EBITDA to reach at least €19 million. EBITDA was included in the guidance of this Consolidated Interim Report for the first time. In terms of revenue, the company forecast “at least” €260 million (previously: “around” €260 million).

Due to the favourable progress of business, the Consolidated Interim Report as of 30 September 2013 published on 7 November upgraded the full-year guidance for pre-tax earnings made in August to around €16 million (formerly at least €15 million).

In the latest guidance for 2013 of the GFT Group, the Executive Board thus forecast revenue of at least €260 million, EBITDA of at least €19 million and EBT of around €16 million.

In terms of revenue and earnings, the GFT Group exceeded the last guidance it issued in 2013. With revenue growth of 15% to €264.29 million (prev. year: €230.69 million), the forecast was exceeded by €4.29 million or 1.7%. The Italian company Sempla – first consolidated in the second half of 2013 – contributed €21.77 million to Group revenue. EBITDA rose by 53% to €20.49 million (prev. year: €13.35 million) and was thus €1.49 million or 7.8% above the last guidance issued. Sempla contributed €2.08 million to EBITDA. EBT amounted to €17.52 million, corresponding to year-on-year growth of 45% (€12.11 million) and a positive forecast deviation of 9.5% or €1.52 million.

Target/actual comparison for the financial year 2013

KPIs	Forecast 2013	Results 2013	Absolute deviation	% deviation
Revenue	At least €260 million [1]	€264.29 million	€4.29 million	1.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	At least €19 million [2]	€20.49 million	€1.49 million	7.8
Earnings before taxes (EBT)	Around €16 million [3]	€17.52 million	€1.52 million	9.5

1 Guidance upgraded in May and August following the acquisition of Sempla
2 EBITDA included in guidance for the first time in August
3 Guidance upgraded in August and November

Overview of business development

Despite the challenging economic conditions, 2013 was a successful year for the GFT Group. We not only exceeded our operating targets but created an important basis for further sustainable growth. In mid 2013, we acquired the leading Italian IT service provider Sempla which enjoys an excellent status among its customers in the domestic finance sector. The GFT Group is now present in Europe's fourth-largest IT market with over 400 employees and an extended portfolio of solutions. The Sempla acquisition was completed on 3 July 2013 so that the effects from the takeover became effective for the GFT Group's accounts as of the third quarter of 2013. Sempla is integrated into the GFT division and has been trading under the name GFT Italia S.r.l. since January 2014.

Following a first six months of 2013 which matched expectations with stable revenues and a strong improvement in earnings, the GFT Group accelerated the pace of growth in the third and fourth quarters. Thanks to this progress in business, we upgraded the guidance issued in March 2013 over the year and still exceeded it by year-end. In addition to the effects from the acquisition of Sempla, the dynamic organic growth of the GFT division played a major role in this development.

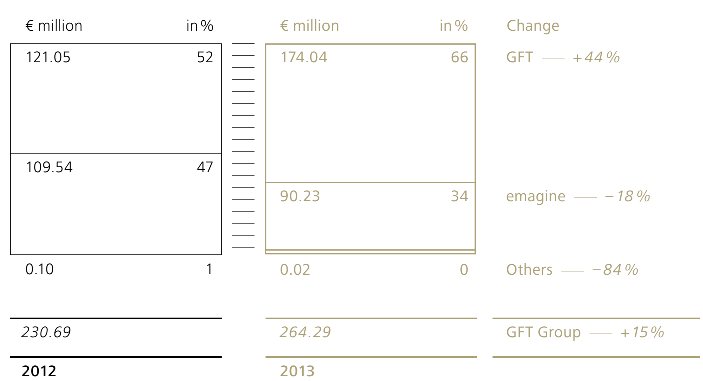
Dedicated to delivering IT solutions for the finance sector, the GFT division performed better than expected in 2013 with revenue growth of 44% to €174.04 million (prev. year: €121.05 million). Adjusted for the revenue of Sempla (€21.77 million), this division achieved organic growth of 26%. Key drivers of this positive trend were the division's IT solutions for investment banking as well as applications for growing compliance requirements in the finance sector. Projects relating to the introduction of the Single Euro Payments Area (SEPA) also made a strong contribution to growth. The company's German and UK operations posted particularly strong revenue increases. The disproportionately strong rise in earnings compared to revenue of 53% to €19.63 million (prev. year: €12.86 million) resulted mainly from high capacity utilisation and non-operating earnings from an adjustment of the remaining purchase price for Asymo AG. The acquisition of Sempla and strong growth in headcount in Spain led to an increase in this division's employees to 1,968 as of 31 December 2013, up 59% on the corresponding date of 2012 (1,239).

With its services for the staffing of technology projects, the emagine division posted a decline in revenue of 18% to €90.23 million in 2013 (prev. year: €109.54 million) and thus fell somewhat short of expectations. Earnings were burdened by expenses for the division's realignment, especially in the first six months: emagine now focuses on technology-driven growth fields in selected industries and has expanded its expertise in the field of engineering. As planned, the division discontinued its low-margin business with a revenue volume of €15.11 million. Following an upturn in the third quarter, emagine posted segment earnings (EBT) of €1.06 million for the full year 2013 (prev. year: €2.32 million).

2.3. Development of revenue

In the financial year 2013, the GFT Group raised revenue by 15% to €264.29 million (prev. year: €230.69 million). As planned, revenue generated by our low-margin Third Party Management business (TPM) was reduced by €15.11 million. Following its full consolidation in July 2013, Sempla contributed €21.77 million to Group revenue. Adjusted for these two effects, the GFT Group achieved organic growth in its core business of 12%.

Revenue by segment



The GFT Group comprises the two operating divisions GFT (formerly GFT Solutions) and emagine.

The **GFT** division achieved revenue growth of 44% to €174.04 million in 2013 (prev. year: €121.05 million). As part of this division, Sempla generated revenue of €21.77 million in the second half of the year. Adjusted for this contribution, GFT achieved revenue growth of 26% in 2013. This strong organic growth resulted mainly from the progress made with solutions for investment banking, increased demand for solutions in the field of banking compliance requirements, and from projects relating to the introduction of the Single Euro Payments Area (SEPA). GFT enjoyed particularly strong revenue growth in Germany and the UK. The GFT division's share of consolidated revenue rose to 66% (prev. year: 52%).

In the **emagine** division, revenue was 18% down on the previous year at €90.23 million (prev. year: €109.54 million). This decline resulted mainly from the planned reduction of revenue from TPM services following the realignment of this segment. As a result, TPM revenue fell to €3.46 million in the reporting period (prev. year: €18.57 million). With its consultancy services for the staffing of technology projects with highly skilled IT and engineering experts, emagine posted a 5% decline in revenue to €86.77 million (prev. year: €90.97 million). All in all, this division's share of total Group revenue fell to 34% (prev. year: 47%).

Revenue by country

	2012 € million	2012 in %	2013 € million	2013 in %	Change
Germany	88.02	38	83.35	31	−5 %
UK	37.67	17	61.02	23	+62 %
France	42.47	19	39.00	15	−8 %
Italy	5.19	2	27.77	10	+436 %
Spain	25.64	11	26.19	10	+2 %
USA	10.22	4	10.62	4	+4 %
Switzerland	11.59	5	9.62	4	−17 %
Other countries	9.89	4	6.72	3	−32 %
GFT Group	*230.69*		*264.29*		+15 %

The withdrawal from TPM business was mainly responsible for the fall in revenue of 5% to €83.35 million recorded in **Germany** in 2013 (prev. year: €88.02 million). In the emagine division, revenue fell by 30% to €39.20 million (prev. year: €56.22 million). The GFT division grew strongly in this region with an increase in revenue of 39% to €44.13 million (prev. year: €31.65 million). The GFT Group's largest sales market accounted for 31% of total revenue, down from 38% in the previous year.

The GFT Group posted its strongest revenue growth of the reporting period in the **UK,** with an increase of 62% to €61.02 million (prev. year: €37.67 million). This positive development was driven equally by both divisions. GFT raised revenue by 61% to €50.13 million (prev. year: €31.13 million), while emagine grew by 66% to €10.89 million (prev. year: €6.54 million). This region's share of Group revenue rose to 23% (prev. year: 17%).

Revenue in **France** fell 8% year on year to €39.00 million (prev. year: €42.47 million). Revenue in this region is generated almost completely by the emagine division. France accounted for 15% (prev. year: 19%) of the GFT Group's revenue.

With the acquisition of Sempla, the GFT Group was represented by ten offices in **Italy** in the second half of 2013. Revenue with clients in this region, which was previously classified under "Other countries", is now disclosed separately under "Italy". In the reporting period, revenue in Italy amounted to €27.77 million (prev. year: €5.19 million), of which Sempla accounted for €21.77 million. Italy contributed 10% (prev. year: 2%) to total Group revenue.

With revenue of €26.19 million, **Spain** posted year-on-year growth of 2% (prev. year: €25.64 million). Its share of Group revenue was 10% (prev. year: 11%).

In the **USA,** revenue was up 4% to €10.62 million (prev. year: €10.22 million) and contributed 4% (prev. year: 4%) to Group revenue.

Revenue in **Switzerland** fell by 17% to €9.62 million in the reporting period (prev. year: €11.59 million). The decline is due mainly to reduced capacity utilisation in the GFT division compared to the previous year, as well as the discontinuation of local emagine business in the third quarter of the previous year. The region's share of Group revenue amounted to 4% (prev. year: 5%).

Revenue from **Other countries** fell by 32% to €6.72 million (prev. year: €9.89 million). This region accounted for 3% (prev. year: 4%) of the GFT Group's revenue.

Revenue by industry

2012 € million	2012 in %	2013 € million	2013 in %	Change
140.42	61	176.42	67	Financial service providers — *+26%*
54.25	23	54.25	20	Other industries — *0%*
36.02	16	33.62	13	Other service providers — *–7%*
230.69		*264.29*		GFT Group — *+15%*

In the financial year 2013, revenue by industry was reclassified in order to reflect business in the relevant target markets more transparently. Prior-year figures were adjusted accordingly.

With a 67% share of consolidated revenue (prev. year: 61%), the **financial service providers** sector remained the most important industry for GFT. Revenue losses from the discontinued TPM business were completely offset by revenue growth in the GFT division of 44% to €159.68 million (prev. year: €110.92 million). All in all, revenue in this sector increased by 26% to €176.42 million (prev. year: €140.42 million).

The proportion of revenue contributed by the industrial sector, comprised under **Other service providers**, amounted to 20% and was thus slightly down on the previous year (prev. year: 23%). As in the previous year, revenue generated in this sector totalled €54.25 million.

Revenue in the **Other industries sector** fell by 7% to €33.62 million (prev. year: €36.02 million), corresponding to a share of GFT Group revenue of 13% (prev. year: 16%).

2.4. Earnings position

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of the GFT Group rose by 54% to €20.49 million in the financial year 2013 (prev. year: €13.35 million). Newly consolidated in the second half of the year, Sempla contributed €2.08 million to EBITDA. EBITDA includes income of €2.30 million (prev. year: €2.51 million) from the adjustment of the expected purchase price for acquisitions in 2011, as well as costs for the CODE_n innovation drive and CeBIT fair presence amounting to €0.94 million (prev. year: €1.35 million).

Earnings before interest and taxes (EBIT) improved by 50% to €17.66 million (prev. year: €11.79 million).

At €17.52 million, **earnings before taxes (EBT)** in the financial year 2013 were up 45% on the prior-year figure (€12.11 million). The operating margin before taxes improved strongly by 1.4 percentage points, from 5.2% in the previous year to 6.6%.

In the reporting period, the GFT Group generated **earnings after taxes** of €13.63 million, corresponding to growth of 64% over the prior-year figure (€8.34 million). The calculated tax ratio fell to 22% (prev. year: 31%). This was mainly due to the tax-free earn-out reduction of Asymo as well as positive tax effects from the Sempla business combination.

Earnings per share rose by €0.20 to €0.52 (prev. year: €0.32 per share) based on 26,325,946 outstanding shares.

Consolidated earnings position by segment

In the financial year 2013, the earnings contribution (EBT) of the **GFT** segment rose by 53% to €19.63 million (prev. year: €12.86 million), corresponding to an increase in the operating margin to 11.3% (prev. year: 10.6%). Sempla accounted for €0.36 million of this amount in the second half of the year. Compared to revenue, this disproportionately strong rise in earnings results mainly from increased capacity utilisation and the adjustment of the remaining purchase price for Asymo AG.

Earnings (EBT) of the **emagine** segment amounted to €1.06 million for the financial year 2013 (prev. year: €2.32 million). This figure was burdened by expenses involved with realignment and the establishment of the brand in the target markets Germany, France and the UK. Due to reduced revenues and low earnings, the operating margin fell to 1.2% (prev. year: 2.1%).

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 €–3.17 million, pre-tax earnings of this division in the financial year 2013 were 3% below the prior-year figure (€–3.07 million). In addition to the negative result of the holding functions, this was mainly due to expenses for the CODE_n initiative and CeBIT fair presence in March 2013.

Consolidated earnings position by income and expense items

In the financial year 2013, **other operating income** fell slightly to €4.32 million (prev. year: €4.44 million). The two largest items resulted from the partial reversal of an earn-out provision for the remaining Asymo AG purchase payment as well as from other operating income mostly generated via the CODE_n partnerships.

The item **cost of purchased services** – mainly comprising the use of external manpower – changed only marginally in 2013 compared to the previous year at €108.56 million (prev. year: €108.30 million). Despite the significant reduction in purchasing volume of the Third Party Management business, the absolute expense remained stable due to increased purchases by the GFT division. The cost of purchased services also includes a non-recurring write-down of €1.66 million on the order backlog of Sempla capitalised during the Purchase Price Allocation (PPA). The ratio of cost of purchased services to revenue consequently fell year on year by 6 %-points to 41% (prev. year: 47%) due to higher consolidated revenue in the reporting period compared to the previous year.

Personnel expenses increased by €20.84 million to €110.68 million in the reporting period (prev. year: €89.84 million). As a proportion of revenue (the so-called »personnel cost ratio«), personnel expenses were around 3 %-points above the prior-year figure at 42% (prev. year: 39%). This increase resulted from the strongly increased revenue share of the more labour-intensive GFT segment to 66% (prev. year: 52%) and the steady increase in headcount of this division in the financial year 2013.

Depreciation of intangible and tangible assets rose strongly by €1.27 million to €2.84 million in 2013 (prev. year: €1.57 million). The acquisition of the Sempla Group resulted in pro rata depreciation from operating activities of €0.78 million and write-downs on the client base and software products from the Purchase Price Allocation (PPA) of €0.51 million.

Other operating expenses rose by 22% to €28.75 million in the reporting period (prev. year: €23.54 million). The main cost elements are operating, administrative and selling expenses, which rose by €3.97 million to €26.06 million (prev. year: €22.09 million). Selling expenses were strongly influenced by increased travel expenses and the costs for CODE_n, while administrative expenses were impacted by external consultancy fees. This item also includes exchange rate losses and other taxes.

The **financial result** fell to €–0.25 million (prev. year: €0.23 million), mainly as a result of increased interest payments.

In the financial year 2013, **income taxes** amounted to €3.90 million and were thus €0.13 million above the prior-year figure (€3.77 million). Despite the increase in consolidated earnings, this corresponded to a fall in the calculated tax ratio, as explained in the first section.

Earnings by segment (EBT)

2012 € million	2012 Margin (%)	2013 € million	2013 Margin (%)	Change
12.86	10.6	19.63	11.3	GFT — *+53%*
2.32	2.1	1.06	1.2	emagine — *−54%*
−3.07	–	−3.17	–	Others — *+3%*
12.11	*5*	*17.52*	*7*	GFT Group — *+45%*

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. A high level of free cash flow and strong equity ratio provide the basis for organic growth and offer scope for the GFT Group's acquisitions.

As of 31 December 2013, **cash, cash equivalents and securities** amounted to €48.63 million and were thus €8.21 million above the corresponding figure at the end of 2012 (€40.42 million). This increase resulted mainly from an increase in financial liabilities following the completed purchase price payment for the Sempla Group. Compared to the previous year, however, there was only a slight increase in short-term securities. During the reporting period, four promissory note loans (»Schuldscheindarlehen«) were placed for a total of €25 million. These are repayable at short notice if certain KPIs are not achieved.

Cash flows from operating activities amounted to €7.44 million at year-end and were thus €1.83 million above the year-end 2012 amount (€5.61 million). This positive trend is mainly due to the increase in profit for the year of €5.29 million. Other major changes result from the purchase of Sempla and, in particular, include the change in provisions of €8.59 million and the change in other assets of €4.45 million. The main provision items refer to personnel expenses due to higher bonuses, as well as outstanding supplier invoices and credit notes to be issued.

This increase in liquidity was offset by a decline in liquidity of €–20.29 million to €–13.79 million due to increased receivables (prev. year: €6.50 million). This resulted from the significant rise in trade receivables as of 31 December 2013 due to the expansion of business in the GFT segment.

The change in liquidity from trade payables and other liabilities amounted to €–7.01 million as of the reporting date and was thus €2.44 million higher than in the previous year (prev. year: €–9.45 million). For capacity reasons, the GFT segment used more external employees in projects during the reporting period, resulting in a slight increase in liabilities. This reduced the negative effect on cash flow from operating activities compared to the previous year.

Working capital (the difference between current assets and current liabilities) amounted to €51.57 million as of 31 December 2013 and was thus €14.65 million above the year-end 2012 figure of €36.92 million.

At €–16.84 million, **cash flows from investing activities** were well below the prior-year figure of €1.75 million. A significant proportion of capital expenditure resulted from the acquisition of Sempla. Although a large proportion was covered by cash receipts from the sale of financial assets, the purchase of a new administration building in Stuttgart as the company's future head office was largely responsible for the increase in capital expenditure.

Due to the increase in financial liabilities, **cash flows from financing activities** rose by €24.81 million to €20.86 million (prev. year: €–3.95 million). This figure also includes the ancillary costs of the loan

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2.6. Asset position

Group balance sheet structure

€ million	2013	2012	2012	2013	€ million
Other non-current assets	80.64	44.98	78.21	87.15	Equity capital
Other current assets	77.11	47.08	7.22	48.46	Non-current liabilities
Cash and securities	48.63	40.42	47.05	70.77	Current liabilities
Assets	*206.38*	*132.48*	*132.48*	*206.38*	*Equity and liabilities*

As of the beginning of 2013, the requirements of IAS 19 (revised) have been applied. As a consequence, actuarial gains and losses must now be recognised in the balance sheet without an effect on profit or loss. This necessitated a retroactive adjustment of various balance sheet items as of 31 December 2012. Further details on this topic are provided in the Notes to the Consolidated Financial Statements.

The **balance sheet total** of the GFT Group increased by €73.90 million year on year and stood at €206.38 million as of 31 December 2013. At the end of the financial year 2012, the total had amounted to €132.48 million. The acquisition of the Sempla Group played a major role in this development. Further details are provided in the Notes to the Consolidated Financial Statements.

There was an increase in **non-current assets** of €32.59 million to €80.76 million as of 31 December 2013 (31 December 2012: €48.17 million). The rise was largely due to the addition of intangible assets and increased goodwill resulting from the acquisition of the Sempla Group and is therefore attributable to the GFT division. In addition to the usual IT procurements, the increase in property, plant and equipment was mainly due to the purchase of the new administration building as future head office of the GFT Group and is disclosed in segment reporting in the »Others« item.

As of 31 December 2013, **current assets** amounted to €125.62 million and were thus €41.31 million above their year-end 2012 level (€84.31 million). This was mainly due to a sharp rise of €28.80 million in trade receivables to €73.01 million (31 December 2012: €44.21 million), as well as an increase in liquid funds of €11.24 million to €47.15 million (31 December 2012: €35.91 million). The acquisition of the Sempla Group once again played a major role.

Equity of €87.15 million on 31 December 2013 was €8.94 million above the corresponding figure on the balance sheet date of 31 December 2012 (€78.21 million). This change was mainly due to a reversal of the balance sheet loss from €–3.83 million to a balance sheet profit of €1.85 million, as well as the decision of the Supervisory Board to transfer €4.00 million to retained earnings. As a result of the strong increase in the balance sheet total, the **equity ratio as of** 31 December 2013 amounts to 42% and is thus 17 percentage points below the year-end 2012 figure (59%).

On the **liabilities side,** there was a rise in **current liabilities** of €23.72 million to €70.77 million compared to 31 December 2012 (€47.05 million). This increase results mainly from changes in the two items »Other provisions« of €11.58 million and »Other liabilities« of €7.65 million. The acquisition of Sempla had a significant effect on these items. While staff-based provisions for bonuses and holidays were the main factors for the increase in provisions, other liabilities were chiefly affected by liabilities for wage tax and VAT as well as deferred credits to income. There was also an increase in trade payables of €1.95 million and current income tax liabilities of €1.25 million.

As of 31 December 2013, **non-current liabilities** amounted to €48.46 million and were thus €41.24 million higher than on 31 December 2012 (€7.22 million). This change resulted mainly from borrowing to finance future company acquisitions and secure future growth. As a consequence, non-current financial liabilities rose by €27.01 million (31 December 2012: zero). A further significant increase resulted from other financial liabilities which rose year on year to €11.67 million (31 December 2012: zero) and stemmed from payment obligations in connection with the acquisition of the Sempla Group. The strong increase in headcount from this acquisition also led to a rise in pension provisions of €2.69 million to a total of €6.38 million (31 December 2012: €3.69 million).

The **equity/non-current assets ratio** – the yardstick for solid balance sheet structures – amounted to 108% as of 31 December 2013 (year-end 2012: 162%). This ratio expresses the relationship between the balance sheet items »equity« and »non-current assets« and provides information about the company's financial stability. Due to the changes in equity and liabilities, this KPI also fell against the prior-year figure but at over 100% is still very healthy.

2.7. Overall assessment of the development of business and the economic position

The GFT Group exceeded expectations in terms of revenue and earnings in its financial year 2013. Apart from effects from the Sempla acquisition, this was mainly due to the dynamic organic growth of the GFT division. In 2013, the emagine division was significantly burdened by costs for its realignment. emagine was unable to fully offset the planned loss of revenue from low-margin activities with new business. All in all, we are satisfied with the development of the GFT Group in the financial year 2013.

As of 31 December 2013, the GFT Group has an equity ratio of 42% (2012: 59%) and a solid capital and balance sheet structure. In order to gain additional scope for further acquisitions, four promissory note loans (»Schuldscheindarlehen«) were issued for a total of €25 million in 2013.

2.8. Non-financial performance indicators

Employees

As an internationally operating technology company, a key success factor for the GFT Group are the skills and motivation of our employees. We therefore focus on attracting the best employees world-wide, promoting their professional and personal development and retaining them at the company. To this end, 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 and Germany, including the Universitat de Barcelona, the Catalan Pompeu Fabra, the IESE Business School, the Universitat de Lleida, the Cooperative State University of Baden-Württemberg in Stuttgart and Villingen-Schwenningen, as well as Darmstadt University.

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 from an experienced manager. We have created the basis for the recruitment of new managers from within our own ranks with various programmes such as the *GFT High Potential Programme,* the *Accelerated Leadership Programme* or *eMIT – emagine Management International Training.* 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. This is essential to actively shape the rapid technological progress in our industry and live up to our claim of being a technology partner for our customers. For example, we have established a wide range of internal and external training opportunities with our *GFT Solutions Academy.* These are 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. These individual measures have proved effective: in 2013, the GFT Group employed one woman at Executive Board level, one Managing Director and several department heads. Overall, we achieved a ratio of women in leadership positions in excess of 26%. The group-wide proportion of female employees amounted to 30%.

A key pillar for the success of the GFT Group as a service company is the corporate identity it has evolved. This is expressed by a standard group-wide value system which we refined in 2013. "Caring, Committed, Courageous, Collaborative, Creative": these values serve as a reliable benchmark and give our work a binding framework.

As of 31 December 2013, the **GFT Group** employed a total of 2,111 people. This corresponds to an increase of 725 persons over the same date last year. Headcount is calculated on the basis of full-time staff, whereby part-time staff are included on a pro rata basis.

Among the main reasons for this growth of 52% was the acquisition of the Italian service provider Sempla S.r.l. and its subsidiaries in middle of 2013 with the assumption of 441 employees. This increase is fully disclosed in the **GFT** division, whose headcount rose correspondingly to 1,968 as of 31 December 2013 (prev. year: 1,239). A further reason for the strong rise in headcount of the GFT division was the hiring of new staff at our Development Centres in Spain and Brazil, due to high capacity utilisation of the GFT division. As of the reporting date, the **emagine** division employed 95 people (prev. year: 98). The number of staff employed by the holding company – disclosed in the **Others** category – remained virtually unchanged at 48 (prev. year: 49).

Viewed over the year as a whole, the GFT Group employed an average of 1,790 people in 2013 (prev. year: 1,368) – an increase of 31%.

In Germany, headcount grew by 32 to 305 employees as of 31 December 2013 (prev. year: 273); this corresponds to growth of 12%. Headcount outside Germany rose to 1,806 or 86% (prev. year: 1,113 or 80%).

Employees by segment

	2013	2012
GFT	1,968	1,239
emagine	95	98
Others	48	49
Total	2,111	**1,386**

Employees by country

	2013	2012
Germany	305	273
Brazil	186	123
France	20	17
UK	49	32
Italy	441	0
Switzerland	36	42
Spain	1,046	876
USA	28	23
Total	2,111	**1,386**
Foreign share in %	*86*	*80*

Quality management

The success of complex IT projects in the GFT division crucially hinges on their top-quality implementation at the agreed budget and on the scheduled date. In order to ensure the required consistently level of quality and minimise project risks, GFT has established binding specifications for both the preparation of the offer and for project and quality management. Internal processes and development work are systematically reviewed on the basis of the internationally recognised Capability Maturity Model Integration (CMMI®) system as well as our own quality assurance processes. After our Development Centres in Spain and Brazil already reached CMMI® Level 3 in 2008, the project and quality management process was continuously improved re-certified in 2011 according to schedule.

In order to improve performance and regularly optimise processes, our emagine division adopted the ISO 9001 quality management standard at its sites in Germany und France in 2010. The re-certification process was conducted in 2013.

3. SUBSEQUENT EVENTS

No events occurred after the balance sheet date as at 31 December 2013 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. The notification system will be transferred from an e-mail-based system to an integrated system in 2014.

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 2013. The structure of the risk inventory was optimised, the reporting and escalation paths for employees were simplified and the assessment of risks further differentiated.

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.

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, Global Delivery 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.

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 2013, the GFT Group generated 95% 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 2013, 67% 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. 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. 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 Center 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 started implementation of a fixed workflow for the use of open source software. 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. On the basis of this review, the use of open source software is possible, possible only to a limited extent, or not possible at all.

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.

In the financial year 2013, 14% of our consolidated revenue was attributable to operations in currencies other than the euro. 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 rate of the Brazilian real is closely observed as it is 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 2013, 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 published financial results. From the current perspective, we are not aware of any material risks regarding the non-attainment of specific covenants in the promissory note loan (»Schuldscheindarlehen«) agreements.

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 risk

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 the team size is 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. Risks may arise from the fact that certain requirements of the complex regulatory environment (e.g. anti-corruption laws, data protection laws) are not fully adhered to. Even an alleged violation of laws or an accusation can have a seriously negative impact on our reputation and thus on our share price.

The wide variety of relevant legal regulations makes it difficult to assess the risks. If we do not comply with the relevant laws or requirements of our customers, e.g. by not adequately respecting 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 (e.g. 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 2014 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 2014 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 above-average growth with new clients 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 very 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 our 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 our 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 2013, the GFT Group's work force grew by 725 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 our 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 may 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 for the UK and German markets, and from Brazil from 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 2013, 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 has taken this regulation into account by including a corresponding second variable component in all new or renegotiated Executive Board service contracts after the law was amended. This remuneration component builds on the multi-year development of the relationship between EBT and revenue at Group level. With the re-appointment of two Executive Board members, this regulation is now implemented by means of appropriate contractual arrangements in all Executive Board service contracts. In the course of redrafting these agreements, the attainment of revenue targets as a component of variable remuneration was no longer agreed. This component was therefore subsequently cancelled in the Executive Board service contracts of the two remaining Executive Board members during the reporting period and replaced by an adjustment to the provision in the renegotiated contracts. To this extent, the performance targets were subsequently amended for two members of the Executive Board thus achieving a similar regulation in all Executive Board contracts. 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 €2.68 million (previous year: €2.28 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 GCGC.

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 €11 thousand in the financial year 2013. The Chairman received twice this amount, and his deputy 1.5 times the amount. The Annual General Meeting of GFT AG adopted a resolution on 15 May 2013 that the Articles of Association of GFT AG should be amended in such a way that each member of the Supervisory Board receives compensation of €13 thousand per year. The Chairman receives twice this amount, and his deputy 1.5 times the amount. This amendment became effective on commencement of the first financial year following the amendment to the Articles of Association on 1 January 2014. Moreover, Supervisory Board members who served for only part of the financial year receive one-twelfth of the annual remuneration for each month of service or any part of such month. During the past financial year, remuneration for members of the Supervisory Board totalled €83 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. In the reporting period, the policy included 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 2013 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.

Shareholdings which exceed 10% of the voting rights (No. 3):

As of 31 December 2013, the company is aware of the following direct equity participations that exceed ten percent of the voting rights: Mr Ulrich Dietz (Chairman of the Executive Board), Germany, holds 28.08% of GFT shares (previous year: 28.08%).

Rules governing the appointment and replacement of Executive Board members (No. 6):

The appointment and replacement of members of the Executive Board is regulated in sections 84 and 85 AktG. 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 AktG. Reference is made to these provisions. The Annual 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 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 waive subscription rights for fractional amounts, (2) for capital increases against contributions in kind in order to grant shares for the purpose of acquiring companies or holdings in companies, (3) in the event of a capital increase against cash contributions, provided that the issue price of the new shares is not significantly lower than the stock exchange price and provided that the proportionate amount of share capital attributable to the new shares for which subscription rights are excluded, does not exceed ten percent of share capital, neither at the time at which this authorisation becomes effective nor at the time at which it is exercised and (4) in the event of a capital increase for the issue of employee shares, provided that the proportionate amount of share capital attributable to the new shares, for which subscription rights are excluded, does not exceed ten percent of share capital, neither at the time at which this authorisation becomes effective nor at the time at which it is exercised. The Executive Board is authorised to establish additional details for the execution of a capital increase from authorised capital with the consent of the Supervisory Board.

Conditional capital:

Conditional Capital 2012 (sections 192 et seq. AktG) 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, on 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) AktG, 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 AktG 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. AktG 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 AktG.

In these cases, the purchase rights of shareholders are excluded and the selling price for one share of the company (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 prior to the date of concluding the contract to sell own shares.

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. The cancellation results in a capital reduction. In derogation of the above, the Executive Board may determine that share capital shall not be reduced but that the proportion of the remaining shares in the share capital be increased pursuant to section 8 (3) AktG. In this case, the Executive Board is entitled to amend the issue of the number of shares in the Articles of Association.

The Executive Board can therefore buy back own shares pursuant to the legal provisions of section 71 (1) AktG under the requirements therein regulated and in particular as part of the authorisation pursuant to section 71 (1) no. 8 AktG.

Significant agreements of the parent company that take effect in the event of a change of control following a takeover bid (No. 8):

During the reporting period, GFT AG concluded four promissory note loan (»Schuldscheindarlehen«) agreements for a total of €25 million which grant the lender the right of termination in the event that a person or a group of people who have coordinated their behaviour, or persons acting on behalf of such people (with the exception of those defined hereinafter as "Permitted Owners"), should acquire at any time direct or indirect control of more than 50% of the voting rights in the capital of GFT AG without the prior consent of the respective lender. The term "Permitted Owners" refers to (i) the spouses Ulrich and Maria Dietz and their descendants, and (ii) persons acting on behalf of one or more of the aforementioned individuals.

In the service contracts with the Executive Board members, the company granted the former special termination rights in the event of a change of control. For further details, please refer to the following explanations.

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 leading economists, the prospects for the global economy in 2014 are better than they have been for a long time. The main reason for the anticipated upturn is the sustained recovery of the industrialised nations from the consequences of the economic and financial crisis. These countries could therefore drive global growth once again, in addition to the impetus from the emerging economies. In its economic forecast of 21 January 2014, the International Monetary Fund (IMF) forecasts global growth of 3.7% for 2014 – slightly above its last outlook in autumn 2013. Following two years of recession, the eurozone is expected to grow by 1.0% in 2014. In the case of Germany, the IMF predicts an increase in GDP of 1.6%. At the beginning of the year, the World Bank also upgraded its growth forecast for 2014 and now expects an increase in global economic output of 3.2%. The institute forecasts growth of 1.1% for the euro zone in 2014. At the same time, however, experts warn against continuing global risks. Low inflation, especially in the euro zone, and the restricted scope for further interest rate cuts increase the likelihood of deflation. An overly rapid removal of stimulus funds by the central banks could also threaten the recovery. Moreover, the World Bank believes that measures need to be taken in many areas to stabilise the financial system.

Sector development

According to the market research firm Gartner, the IT market will grow strongly in 2014. In its "Worldwide IT Spending Forecast" of January 2014, Gartner's analysts expect global IT spending in the current year to increase by 3.1%, following growth of 0.4% in the previous year. Moreover, the analysts expect an increase of 4.5% for spending on IT services in 2014 with annual growth of 4 - 5% in the years up to 2017.

In its market study "Worldwide Black Book" of February 2014, IDC forecasts a rise in global IT spending of 4.6% in 2014. The study identifies the main growth drivers as being the technological pillars of the so-called third platform: mobile computing, cloud services, big data analytics, and social networks. According to IDC, investments in these technologies will make the largest contribution to industry growth in the coming years. In western Europe, IDC expects growth in IT spending to reach 3% in 2014. IT investments in Germany are expected to grow by 3.5% this year to €60 billion. Although the banking and insurance sector has not yet recovered to the extent as the German economy as a whole, IDC's analysts expect IT investments in these sectors to grow by 3.5% to around €10 billion.

According to an economic survey of the German association BITKOM in January 2014, high-tech companies were very upbeat at the beginning of the year. More than three quarters of all companies (78%) expect revenue growth in the coming six months. As a result, the BITKOM index rose strongly from 55 to 67 points – and thus more strongly than the ifo business climate index for the economy as a whole. According to BITKOM, software companies and IT service providers are particularly optimistic: 87% of software companies and 85% of IT service providers expect revenue growth in the first half of the year. For the full year 2014, eight out of 10 companies (82%) anticipate an increase in revenues. More than half of all companies believe that the skills shortage will restrict or severely restrict business development.

Expected development of the GFT Group

The GFT Group expects a continuation of the positive performance of the previous year in 2014 and is confident that it can once again outperform the global economy and the IT industry.

In the GFT division, we began our financial year 2014 with a portfolio of services which is strictly aligned with those technological trends we believe will significantly benefit our customers. These include the megatrends Mobile Computing, Big Data Analytics and Social Networks. As an expert for the financial services industry, we aim to offer our clients innovative IT solutions based on these technologies. One area of focus in 2014 will be the development of solutions which leverage Big Data technologies. As banks traditionally process large amounts of data from different sources, we expect strong demand from them for applications offering rapid and targeted analysis of such data – e.g. in the field of lending, fraud detection and prevention, and churn management aimed at the proactive avoidance of customer loss.

We believe that the financial sector will continue its recovery in 2014 and invest in the optimisation and development of its IT systems. One key issue will be the introduction of the European Banking Union, which is highly likely to increase the regulatory requirements, especially regarding risk management. We therefore expect increasing demand for IT-based compliance solutions and regard this as a further important application field for Big Data technologies. Further growth impetus is expected from growing competitive pressure in the global banking sector caused by new market players with innovative business models. Traditional banks face the challenge of investing a larger portion of their IT budgets for innovation and investing more heavily in customer retention measures. We also offer solutions in this field, such as OmniChannel, Private Finance Planning and new payment models. The operating and maintenance expenses of core banking systems, which constitute a major part of the IT budget, need to be further optimised in order to save costs. Our GFT division is well positioned to meet these challenges: as a strategic IT partner, we enable our clients to optimise their cost-intensive IT departments, to develop innovative business models, and to gain a competitive edge.

2013 was a year of realignment for our emagine division. We started 2014 with a sharper profile and now focus as a specialist for flexible working models on technology-driven growth markets, such as the finance sector, the telecommunications industry, digital media and selected industrial sectors. Against a backdrop of increasingly complex career profiles and ever faster technological innovation cycles, we assume that the demand for highly skilled professionals will continue to rise. In 2014, we aim to strengthen our position as an attractive partner for companies for the staffing of technology projects in our target markets Germany, France and the UK. We are confident that emagine will return to growth during the course of the year.

Operating targets for 2014

From the current perspective, the Executive Board has issued the following guidance for the financial year 2014:

- ¬ We expect consolidated revenue of €310 million for the full year 2014.
- ¬ Moreover, we anticipate earnings before interest, taxes, depreciation and amortisation (EBITDA) of €28 million for the full year 2014.
- ¬ Pre-tax earnings (EBT) for the financial year 2014 are expected to reach €23 million.

Medium-term prospects

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.

Assuming that the global economy can sustain its recovery, we expect our business to make further strong progress in the medium term with growth in revenue and earnings. The Executive Board expects consolidated revenue to reach around €400 million in 2015 with an operating pre-tax profit margin of around 7% (previously: over 6%). The underlying business plan assumes steady organic growth in combination with targeted acquisitions in both business divisions.

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 2014. We believe that the ongoing recovery of the finance sector will offer numerous growth opportunities for our GFT division in 2014. In the emagine division, which was realigned in 2013, we want to expand our position as an expert for the staffing of technology projects in 2014 and return to growth during the course of the year.

Stuttgart, 24 March 2014

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)

¬ c.3.3

¬ c. 3.3

Consolidated Financial Statements acc. to IFRS

¬ c. 3.3

Consolidated Financial Statements according to IFRS

GFT Technologies AG
as at 31 December 2013

¬ CONSOLIDATED BALANCE SHEET
as at 31 December 2013,
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	31/12/2013 €	31/12/2012 [1] €
Non-current assets			
Licences, industrial property rights and similar rights	7	8,780,545.41	737,212.65
Goodwill	7	59,429,704.66	35,949,217.28
Property, plant and equipment	8	7,665,613.80	3,208,376.73
Securities	9	119,814.34	3,189,680.45
Financial assets, accounted for using the equity method	9	20,851.67	30,191.32
Other financial assets	10	540,978.78	410,502.75
Current tax assets	11	309,619.63	415,212.93
Deferred tax assets	11	3,893,629.92	4,231,941.18
		80,760,758.21	**48,172,335.29**
Current assets			
Inventories and trade receivables	12	73,009,844.36	44,206,480.67
Securities	13	1,354,000.00	1,316,100.00
Current tax assets	11	1,337,703.97	918,103.24
Cash and cash equivalents	13	47,148,865.32	35,911,786.55
Other financial assets	10	811,961.43	416,363.25
Other assets	10	1,954,099.84	1,542,577.73
		125,616,474.93	**84,311,411.44**
		206,377,233.14	**132,483,746.73**

1 Adjusted, see section 15 in the Notes to the Consolidated Financial Statements

¬ CONSOLIDATED BALANCE SHEET

as at 31 December 2013,
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	31/12/2013 €	31/12/2012[1] €
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		19,243,349.97	15,243,349.97
Changes not affecting net income		−784,097.50	0.00
Changes in equity not affecting net income			
Actuarial gains/losses		−1,732,598.30	−1,891,432.39
Foreign currency translations	14	58,108.16	578,943.10
Reserve of market assessment for securities	14	37,584.00	−363,822.95
Consolidated balance sheet profit/loss	14	1,852,108.32	−3,827,347.23
		87,148,182.80	**78,213,418.65**
Liabilities			
Non-current liabilities			
Other financial liabilities	31	11,673,011.42	0.00
Financial liabilities	31	27,006,446.36	0.00
Provisions for pensions	15	6,380,387.83	3,687,637.36
Other provisions	16	659,758.86	2,934,677.79
Deferred tax liabilities	11	2,740,334.00	593,418.42
		48,459,938.47	**7,215,733.57**
Current liabilities			
Other provisions	16	29,665,678.32	18,089,885.88
Current income tax liabilities	11	1,999,161.86	752,481.50
Financial liabilities	31	732,332.74	0.00
Trade payables	17	21,779,772.02	19,834,818.88
Other financial liabilities	18	1,250,409.99	685,418.71
Other liabilities	18	15,341,756.94	7,691,989.54
		70,769,111.87	**47,054,594.51**
		206,377,233.14	**132,483,746.73**

1 Adjusted, see section 15 in the Notes to the Consolidated Financial Statements

¬ CONSOLIDATED INCOME STATEMENT

for the period from 1 January 2013 to 31 December 2013,
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	2013 €	2012 €
Revenue	20	264,285,125.63	230,691,044.62
Other operating income	21	4,317,435.99	4,439,233.13
		268,602,561.62	235,130,277.75
Cost of purchased services	22	108,558,702.15	108,303,665.18
Personnel expenses			
a) Salaries and wages	23	91,767,533.58	74,959,539.66
b) Social security and expenditures for retirement pensions	15, 23	18,914,657.67	14,878,024.84
		110,682,191.25	89,837,564.50
Depreciation on intangible assets and of tangible assets	24	2,838,501.19	1,567,261.60
Other operating expenses	25	28,753,821.60	23,537,763.47
Result from operating activities		**17,769,345.43**	**11,884,023.00**
Other interest and similar income	27	435,266.56	464,908.24
Financial assets, accounted for using the equity method	9	−9,339.65	−17,164.78
Depreciation on securities	9, 27	105,430.88	81,796.02
Interest and similar expenses	27	571,000.23	140,329.78
Financial result		−250,504.20	225,617.66
Earnings before taxes		**17,518,841.23**	**12,109,640.66**
Taxes on income and earnings	11	3,890,493.78	3,774,393.07
Net Income		**13,628,347.45**	**8,335,247.59**
Loss carried forward from previous year		−7,776,239.13	−9,662,594.82
Allocations to other retained earnings		−4,000,000.00	−2,500,000.00
Consolidated balance sheet profit/loss		**1,852,108.32**	**−3,827,347.23**
Net earnings per share – undiluted	30	0.52	0.32
Net earnings per share – diluted	30	0.52	0.32

¬ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2013 to 31 December 2013,
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	2013 €	2012 €
Net income		**13,628,347.45**	**8,335,247.59**
A.) Components never reclassified to the income statement			
¬ Actuarial gains/losses	15	219,738.92	−1,615,848.50
¬ Income taxes on components of other comprehensive income		−60,904.83	445,290.76
Other (partial) result A.)		**158,834.09**	**−1,170,557.74**
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	454,420.95	171,655.80
¬ Reclassification amounts to the income statement	31	81,895.21	33,257.53
		536,316.16	**204,913.33**
Exchange differences on translating foreign operations: Profits/losses during the financial year	19	−520,834.94	−149,351.42
		−520,834.94	**−149,351.42**
Income taxes on components of other result	11	−134,909.21	47,148.96
Other (partial) result B.)		**−119,427.99**	**102,710.87**
Other result		39,406.10	−1,067,846.87
Total result		**13,667,753.55**	**7,267,400.72**

¬ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 December 2013,
GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	Subscribed capital €	Capital reserve €	Retained earnings €
				Other retained earnings
As at 01/01/2012	4	**26,325,946.00**	**42,147,782.15**	**12,743,349.97**
Retroactive adjustment acc. to IAS 19R	1			
Adjusted status as at 1 January 2012		**26,325,946.00**	**42,147,782.15**	**12,743,349.97**
Dividend payment May 2012	4			
Comprehensive income for the period 1.1.-31.12.2012				
Allocations to retained earnings 2012				2,500,000.00
As at 31/12/2012		**26,325,946.00**	**42,147,782.15**	**15,243,349.97**
As at 01/01/2013		**26,325,946.00**	**42,147,782.15**	**15,243,349.97**
Retroactive adjustment acc. to IAS 19R	1			
Adjusted status as at 1 January 2013		**26,325,946.00**	**42,147,782.15**	**15,243,349.97**
Dividend payment May 2013	4			
Dividend to minority shareholders	2			
Discounting of the conditional purchase price liability				
Transfers to retained earnings 2013				4,000,000.00
Comprehensive income for the period 1.1.-31.12.2013				
As at 31/12/2013		**26,325,946.00**	**42,147,782.15**	**19,243,349.97**

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	**728,294.52**	**–615,885.24**	**0.00**	**–5,713,702.92**	**75,615,784.48**
			–720,874.64		–720,874.64
0.00	**728,294.52**	**–615,885.24**	**–720,874.64**	**–5,713,702.92**	**74,894,909.84**
				–3,948,891.90	–3,948,891.90
	–149,351.42	252,062.29	–1,170,557.75	8,335,247.59 [1]	7,267,400.71
				–2,500,000.00	0.00
0.00	**578,943.10**	**–363,822.95**	**–1,891,432.39**	**–3,827,347.23**	**78,213,418.65**
0.00	**578,943.10**	**–363,822.95**	**0.00**	**–3,827,347.23**	**80,104,851.04**
			–1,891,432.39		–1,891,432.39
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**

¬ CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January 2013 to 31 December 2013, GFT Technologies Aktiengesellschaft, Stuttgart

	Notes	2013 €	2012 €
Net income		13,628,347.45	8,335,247.59
Taxes on income and earnings	11	3,890,493.78	3,774,393.07
Interest income		135,733.67	−324,578.46
Interest paid		−127,856.66	−63,261.97
Income taxes paid		−2,091,289.38	−2,284,336.75
Depreciation on tangible and intangible assets	8	2,838,501.19	1,567,261.60
Changes in provisions		5,692,068.96	−2,897,291.69
Other non-cash expenses/income		−361,311.72	215,774.51
Profit from the disposal of tangible and intangible assets as well as financial assets		−24,305.35	19,692.33
Changes in trade receivables		−13,793,339.96	6,502,976.33
Changes in other assets		4,662,095.84	215,162.07
Changes in trade liabilities and other liabilities		−7,009,571.25	−9,452,952.93
Cash flow from operating activities	29	**7,439,566.57**	**5,608,085.70**
Cash receipts from sales of financial assets		7,200.00	2,530.91
Cash payments to acquire financial assets	8	−4,957,258.47	−1,597,873.22
Cash payments to acquire non-current intangible assets	8	−534,278.44	−194,888.21
Cash receipts from sales of financial assets		3,517,950.00	3,000,000.00
Cash payments to acquire consolidated companies net of cash and cash equivalents acquired		−15,254,260.79	0.00
Interest received		384,332.78	545,059.65
Cash flow from investing activities	29	**−16,836,314.92**	**1,754,829.12**
Cash payments to redeem short-term or long-term loans		−191,965.62	0.00
Cash receipts from taking out short-term or long-term loans	31	25,000,000.00	0.00
Payments to shareholders	14	−3,948,891.90	−3,948,891.90
Cash flow from financing activities	29	**20,859,142.48**	**−3,948,891.90**
Influence of exchange rate fluctuations on cash and cash equivalents		−225,315.37	25,170.27
Change in cash funds from cash-relevant transactions		11,237,078.76	3,439,193.19
Cash funds at the beginning of the period	29	35,911,786.56	32,472,593.37
Cash funds at the end of the period	29	**47,148,865.32**	**35,911,786.56**

¬ c. 3.3

Notes to the Consolidated Financial Statements

for the period from 1 January 2013 to 31 December 2013,
GFT Technologies Aktiengesellschaft, Stuttgart

¬ PRINCIPLES AND METHODS

1. General information

The Consolidated Financial Statements of GFT Technologies Aktiengesellschaft ("GFT AG") as at 31 December 2013 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 at 31 December 2013 are consistent with those IFRS which must be applied in the EU and which were mandatory as at 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 2014 and adopted by the Supervisory Board on 24 March 2013.

GFT is an international provider of innovative IT solutions with operations in the GFT (formerly GFT Solutions) and emagine divisions. GFT AG is registered in Germany in the legal form of a public limited company ("Aktiengesellschaft") with headquarters at Filderhauptstr. 142, 70599 Stuttgart. GFT AG is a listed company and the ultimate parent company of the GFT Group.

2. Effects of new or changed accounting standards

Accounting standards applied for the first time in the fiscal year 2013

The following presents those pronouncements and amendments released by the IASB for initial application in financial year 2013.

IFRS 7 Financial Instruments: Offsetting Financial Assets and Financial Liabilities
(Amendments December 2011)

This amendment to IFRS 7 enlarges the disclosure requirements on financial instruments that either are, or can be, offset. These changes had no material impact on the Consolidated Financial Statements.

IFRS 13 Fair Value Measurement
(Amendments May 2011)

This standard provides for the uniform measurement of fair value in IFRS-prepared financial statements. All fair value measurements required by other standards must now follow the uniform guidance provided by IFRS 13; only for IAS 17 and IFRS 2 do individual rules remain. The standard furthermore replaces and expands the disclosure requirements on fair value measurements in other IFRSs.

IFRS 13 defines fair value as the exit price; that is, the price that would be received to sell an asset or paid to transfer a liability. A three-level hierarchy has been introduced based on dependence on observable market prices, as previously known from the fair value measurement of financial assets. In accordance with the transitional provisions of IFRS 13, the new fair value measurement guidance has been applied prospectively and no comparative information for new disclosures has been provided. Notwithstanding the above, the change had no material impact on the measurements of the Group's assets and liabilities.

IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income
(Amendments June 2011)

This amendment has changed the presentation of other comprehensive income in the statement of comprehensive income. Other comprehensive income items, which under certain circumstances are recycled in the income statement at a later date, must now be presented separately from other comprehensive income items, which are never recycled. Provided the items are disclosed as gross items, i.e. without netting with deferred tax effects, the deferred taxes no longer need to be disclosed in a single amount but are allocated to both item groups. The GFT Group has complied with amended disclosure requirements. Comparative figures were adjusted accordingly.

IAS 12 Income Taxes: Realisation of Underlying Assets
(Amendments December 2010)
For real estate held as financial investments, it is often difficult to judge whether existing temporary tax differences are reversed during continuing use or as a consequence of disposal. The amendment to IAS 12 now clarifies that deferred taxes are to be measured on the basis of rebuttable presumption and that reversal takes place on sale. The change has no material impact on the Consolidated Financial Statements of GFT AG.

IAS 19 Employee Benefits
(Amendments June 2011)
The main change from the amendment of IAS 19 (revised 2011) concerns accounting for pension commitments from defined benefit plans.

There was previously an option on how so-called actuarial gains and losses were presented in annual financial statements. They could either (a) be recognised in profit or loss, (b) in other comprehensive income (OCI) or (c) be entered with deferred recognition according to the so-called corridor approach. The new version of IAS 19 eliminates this option in order to gain a more transparent and comparable presentation. As a consequence, gains and losses must now be recognised immediately and in full in other comprehensive income in the year of their occurrence. Furthermore, the retroactive service cost must now be recognised directly in profit or loss in the year of occurrence.

Moreover, the expected return on plan assets were so far determined on the basis of management expectations regarding the performance of the investment portfolio. The application of IAS 19 (revised 2011) means that only a defined return on plan assets to the amount of the current discount rate of pension obligations is allowed at the beginning of the period.

In addition to the change in accounting, there are also changes in the disclosure requirements, e.g. in the form of sensitivity analyses.

The amended definition of termination benefits affects accounting of additional compensation agreed as part of partial retirement contracts. Until now, the additional compensation was classified as a termination benefit and thus the entire amount was deferred to the date when a partial retirement contract began. Due to the amendment to the definition of termination benefits, additional compensation no longer fulfils the requirements for the existence of termination benefits under IAS 19 (revised 2011). Instead, it basically refers to other long-term benefits to employees which accumulate pro rata over the respective employee's service period.

Please refer to point 15 "Pension provisions" for effects on the Consolidated Financial Statements of the GFT Group.

Improvements to IFRS 2009 - 2011: Amendments to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34
Five standards were changed as part of the *Annual Improvements* project.

The adjustment of the wording in certain IFRSs aims to clarify the guidance provided in existing standards. There are also changes that have an impact on accounting, recognition, measurement and information in the notes. The affected standards are IAS 1, IAS 16, IAS 32, IAS 34 and IFRS 1.

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 2013, as permitted.

Standard / Interpretation		Applicable to financial years from	Planned first application by GFT from
IFRS 10	Consolidated Financial Statements [1]	1 January 2014	1 January 2014
IFRS 11	Joint Arrangements [1]	1 January 2014	1 January 2014
IFRS 12	Disclosures of Interests in Other Entities [1]	1 January 2014	1 January 2014
IAS 28	Investments in Associates and Joint Ventures (version May 2011) [1]	1 January 2014	1 January 2014
IAS 32	Financial instruments: Presentation (December 2011) [1]	1 January 2014	1 January 2014

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

The amendment to IAS 32 clarifies which requirements there are for offsetting financial instruments. The amendment explains the significance of the current setting-off right and clarifies which procedures with gross settlement as net settlement can be considered in terms of the standard.

In May 2011, three new standards were published (IFRS 10, 11, 12) which are to be applied as of January 2014. IFRS 10, 11 and 12 deal with questions of consolidation, joint arrangements and the disclosure of interests in subsidiaries and associated companies. As a result of the new standards, revised versions of IAS 27 and IAS 28 were published.

3. Consolidated group

In addition to GFT Technologies AG ("GFT AG"), the Consolidated Financial Statements as at 31 December 2013 also included the following subsidiaries (fully consolidated):

- GFT Technologies (Schweiz) AG, Opfikon, Switzerland
- GFT UK Limited, London, UK
- GFT Iberia Holding, S.A.U., Sant Cugat del Vallès, Spain
- emagine GmbH, Eschborn
- Emagine Consulting SARL, Neuilly-sur-Seine, France
- GFT Holding France SARL, Neuilly-sur-Seine, France
- GFT IT Consulting, S.L.U., Sant Cugat del Vallès, Spain
- GFT Brasil Consultoria Informática Ltda., Sao Paulo, Brazil
- GFT USA, Inc., New York, USA
- emagine Flexwork GmbH, Stuttgart
- GFT Innovations GmbH, Stuttgart
- GFT Financial Solutions AG, Opfikon, Switzerland
- GFT Software Factory Iberia, S.L.U., Lleida, Spain
- GFT UK Invest Limited, London, UK
- Emagine Consulting Limited, London, UK
- GFT Appverse, S.L.U., Sant Cugat del Vallès, Spain
- GFT Real Estate GmbH, Stuttgart
- GFT Beteiligungs GmbH, Stuttgart (initial consolidation)
- GFT Holding Italy S.r.l., Milan, Italy (initial consolidation)
- Sempla S.r.l., Milan, Italy (initial consolidation)
- Sempla Med S.r.l., Palermo, Italy (initial consolidation)
- Sempla Roma S.r.l., Milan. Italy (initial consolidation)
- Nacon S.r.l., Genoa, Italy (initial consolidation)
- Cardinis Solutions S.r.l., Padua, Italy (initial consolidation)
- Med-Use S.r.l., Milan, Italy (initial consolidation)

The following changes to the scope of consolidation have occurred since the Consolidated Financial Statements were closed on 31 December 2012.

On 26 February 2013, GFT Technologies AG, Stuttgart, purchased Neckarsee 283. VV GmbH. On 21 March 2013, the company's name was changed to GFT Beteiligungs GmbH. Its initial consolidation did not have any major effect on the Group's financial position and performance.

GFT Holding Italy S.r.l, Milan, Italy, was founded by GFT Technologies AG, Stuttgart, on 16 May 2013. The company's share capital amounts to €10 thousand and was fully paid on 6 May 2013. According to a shareholder resolution on 13 July 2013, an amount of €4,000 thousand was paid into capital reserves.

The foundation of GFT Holding Italy S.r.l. is in direct connection with the acquisition of the Sempla Group. Please refer to point 28 "Business combinations" regarding effects on the Consolidated Financial Statements.

As of 31 December 2013, the following adjustment was made to the outstanding obligation from the acquisition of GFT Financial Solutions AG, Opfikon, Switzerland, (formerly Asymo AG) due to a change in the expected value resulting from reduced earnings expectations:

	2013 € thsd.
Carrying value as of 1 January 2013	3.133
Adjustment to the expected value	–2.259
Interest and currency effects	–143
Payment of 2nd tranche	–48
Carrying value as of 31 December 2013	**683**

As a consequence, the payment obligation owed to the former shareholders has fallen to €683 thousand. The obligation is to be settled in the 3rd quarter of 2014.

The resulting goodwill from the acquisition of GFT Financial Solutions (formerly Asymo AG) developed as follows:

	2013 € thsd.
Goodwill as of 1 January 2013	10.628
Foreign exchange adjustment	158
Goodwill as of 31 December 2013	**10.470**

As at 31 December 2013, the carrying value of the conditional consideration for G2 Systems changed as follows:

	2013 € thsd.
Carrying value as of 1 January 2013	514
Interest and currency effects	–28
Payment of 2nd tranche	–145
Carrying value as of 31 December 2013	**341**

With a shareholder resolution on 6 December 2013, Sempla S.r.l., Milan, Italy was renamed as GFT Italia S.r.l., Milan, Italy, with effect from 1 January 2014.

In accordance with the merger agreement of 22 April 2013, emagine TPM GmbH, Eschborn, was merged with emagine GmbH, Eschborn, with effect from 26 June 2013. The merger had no effect on the Group's financial position and performance.

Equity holdings acc. to Section 313 (2) HGB are presented on page 140.

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.

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

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

The write-ups or depreciation on equity interests in Group companies shown in individual financial statements 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 Sempla Group was 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 percent – 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 2013, 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 software that is depreciated over three years; the depreciations start at the purchase date. Impairments are taken into consideration through non-scheduled depreciation. Should the reasons giving rise to the non-scheduled depreciation charge cease to apply, appropriate write-ups are recognised which may not exceed amortised cost. No write-ups are recognised in subsequent periods for goodwill already written down.

Goodwill, including goodwill from the capital consolidation is no longer subject to scheduled depreciation. In accordance with IAS 36 goodwill is audited annually for possible impairment. If events or changed circumstances indicating a possible impairment occur, the impairment test has to be performed more frequently.

As part of the impairment test of goodwill in the GFT Group, the residual carrying values of individual cash-generating units with their respective recoverable amount, i.e. the higher value from fair value less costs to sell, and value in use, are compared. In accordance with the definition of a cash-generating unit, the divisions (GFT 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 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 at the balance sheet date. If outflows of funds for a liability are only anticipated after more than one year, then the provisions are stated with the cash value of the foreseeable outflow of funds. Provisions are not offset with retrospective claims.

Revenue and profit 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 collectibility of receivables, the accounting and valuation of provisions, and the usability of taxable loss carry-forwards that have resulted in the statement of deferred taxes. Judgements are made on the basis of the most current information available. Due to developments that deviate from, or are beyond, Management's sphere of influence, actual amounts can vary from the originally expected estimated values. If the actual development deviates from the expected development, then the premises, and if necessary the carrying values, of the assets and liabilities concerned are adjusted accordingly. At the time the Consolidated Financial Statements were drawn up there were no significant 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 FIXED 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						
Intangible assets in use	3,560,793.11	15,163,788.70	534,278.44	724,746.62	–23,087.61	18,511,026.02
Prepaid expenses	0.00	0.00	0.00	0.00	0.00	0.00
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	2,464,888.20 383,282.95 (R)	0.00	0.00	2,848,171.15
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	16,274,767.79
Prepaid expenses	0.00	0.00	0.00	0.00	0.00	0.00
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						As at	As at	As at
01/01/2013	Additions from changes in consolidated Group	Depreciation of the financial year scheduled	Depreciation of the financial year unscheduled	Disposals	Currency changes	31/12/2013	31/12/2013	31/12/2012
2,823,580.46	6,140,214.43	1,501,512.37	0.00	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	0.00	0.00	0.00
2,823,580.46	6,140,214.43	1,501,512.37	0.00	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	0.00	59,429,704.66	35,949,217.28
2,823,580.46	**6,140,214.43**	**1,501,512.37**	**0.00**	**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	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	0.00	383,282.95
8,397,983.24	1,859,775.62	1,282,691.13	0.00	56,669.10	−65,212.94	11,418,567.95	4,856,199.84	2,811,026.37
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
263,627.47	0.00	11,781.01	0.00	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**	**0.00**	**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**	**0.00**	**778,055.72**	**−78,705.61**	**21,466,921.08**	**75,875,863.87**	**39,894,806.66**

¬ DEVELOPMENT OF CONSOLIDATED FIXED ASSETS 2012

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

Depreciation €						Book values €	
As at 01/01/2012	Depreciation of the financial year scheduled	Depreciation of the financial year unscheduled	Disposals	Currency changes	As at 31/12/2012	As at 31/12/2012	As at 31/12/2011
2,528,143.79	402,381.43	0.00 0.00	110,570.94	3,626.18	2,823,580.46	737,212.65	936,145.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,940.00
2,528,143.79	402,381.43	0.00	110,570.94	3,626.18	2,823,580.46	737,212.65	945,085.00
0.00	0.00	0.00	0.00	0.00	0.00	35,949,217.28	36,399,830.18
2,528,143.79	**402,381.43**	**0.00**	**110,570.94**	**3,626.18**	**2,823,580.46**	**36,686,429.93**	**37,344,915.18**
0.00	0.00	0.00	0.00	0.00	0.00	383,282.95	0.00
7,736,370.45	1,104,086.67	0.00 0.00	411,034.92	−31,438.96	8,397,983.24	2,811,026.37	2,747,846.68
0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,303.95
202,833.97	60,793.50	0.00	0.00	0.00	263,627.47	14,067.41	54,780.08
7,939,204.42	**1,164,880.17**	**0.00**	**411,034.92**	**−31,438.96**	**8,661,610.71**	**3,208,376.73**	**2,806,930.71**
10,467,348.21	**1,567,261.60**	**0.00**	**521,605.86**	**−27,812.78**	**11,485,191.17**	**39,894,806.66**	**40,151,845.89**

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 2014 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 8.0% for the cash-generating unit GFT Finance & Insurance and 6.0% for the cash-generating unit emagine (prev. year: 6% and 4%) before taxes. 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 (4 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 2014, can be increased by 10% in the years 2015 to 2017 and thereafter at a growth rate of 1%. For the cash-generating segment emagine, management assumes growth, based on planning for the financial year 2014, of 2% for existing and new client business in each of the years 2015 to 2017, 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:

	31/12/2013 € thsd.	31/12/2012 € thsd.
Cash-generating units		
GFT Finance & Insurance	53,400	29,920
emagine	6,030	6,029
	59,430	**35,949**

Due to the results of the impairment test in financial year 2013 (as in the previous year) non-scheduled amortisation of goodwill was not undertaken.

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

	2013 € thsd.
Carrying value as of 1 January 2013	35,949
Foreign currency effects	–355
Addition from acquisition of Sempla S.r.l. Italy	23,836
Carrying value as of 31 December 2013	**59,430**

Details on the acquisition of the above mentioned company (business combination) are provided under point 28 of the Notes to the Consolidated Financial Statements.

Intangible assets disclosed under licenses, industrial property rights and similar rights relate to software acquired for consideration, as well as identifiable customer bases from the acquisition of GFT Financial Solutions AG, Opfikon / Switzerland, the consulting division of G2 Systems LLC, Delaware / USA, and Sempla S.r.l., Milan / Italy (€8,781 thousand; prev. year: €737 thousand). The carrying value includes the client base of Sempla S.r.l., Milan / Italy for key customers amounting to €2,844 thousand with a residual useful life of 5.5 years as well as project management software of €2,614 thousand with a residual useful life of 4.5 years of the same company.

In the course of the acquisition of the Sempla Group, development costs of €87 thousand were capitalised. This refers to project management software developed by the subsidiary Cardinis Solutions S.r.l., Padua / Italy.

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 132 - 135.

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.

As in the previous year, non-scheduled depreciation on property, plant and equipment due to impairment was not necessary in the financial year 2013.

9. Financial assets

Securities

A more than insignificant amount of "held-to-maturity" securities disclosed as of 31 December 2010 were sold in the financial year 2011. The remaining share of these securities was therefore reclassified to the "available-for-sale financial assets" category. The reclassification was made as of 30 June 2011. The entire inventory of these securities was sold in 2013. The remaining securities as of 31 December 2013 consist of interest-bearing debt instruments and are broken down as follows:

	31/12/2013 € thsd.	31/12/2012 € thsd.
Category according to IAS 39		
Available-for-sale financial assets	0	3,071
Financial assets at fair value through profit and loss	120	118
	120	**3,189**

The measurement of securities disclosed as "held-to-maturity" until their reclassification resulted in expenses from their sale charged to profit or loss in financial year 2013 of €82 thousand (prev. year: €0 thousand). Due to the reclassification conducted on 30 June 2011, changes in fair value after this point were recognised directly in other comprehensive income under "Reserve for market valuation of securities". As of 31 December 2013, this led to a decrease in the negative reserve of €43 thousand (prev. year: decrease of €68 thousand). The development of reserves is explained in point 13 of the Notes to the Consolidated Financial Statements.

The measurement of securities "measured at fair value through profit or loss" led to income recognised in the income statement of €2 thousand in financial year 2013 (prev. year: €3 thousand).

The inventory of securities as at 31 December 2013 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 at 31 December 2013, there were no factors for impairment.

Financial assets, accounted for using the equity method

Financial assets, accounted for using the equity method (shares in associated companies), as well as the profit from shares in associated companies recognised on 31 December 2013, concern the shares in eQuadriga Software Private Limited, Trichy / India (30.0%; prev. year: 30.0%). The shares in Youdress GmbH, Stuttgart (prev. year: 50.0%) were sold on 2 April 2013. The sale resulted in expenses of €–111 thousand.

On 29 February 2008, 70.0% of the shares in eQuadriga Software Private Limited (formerly GFT Technologies (India) Private Limited) Trichy / India, were sold. Due to this significant influence of GFT AG on the company since 1 March 2008, the former subsidiary is an associated company since 1 March 2008. The balance sheet recognition of shares in eQuadriga Software Private Limited as at 31 December 2013 occurs according to the equity method (as in the previous year).

As on the one hand the associated company eQuadriga Software Private Limited prepares its balance sheet based on principles similar to those of the GFT Group, providing generally uniform accounting and measurement polices, and on the other no information in this regard was available, no possibly necessary adjustments of the Annual Financial Statements of eQuadriga Software Private Limited used for equity recognition were made to bring them in line with the accounting policies of the GFT Group. Equally, due to the unavailability of information, as well as due to its insignificance, no elimination of the interim result in reference to upstream transactions was undertaken from the associated company to the GFT Group.

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

	2013 € thsd.	2012 € thsd.
eQuadriga Software Private Limited:		
Balance sheet disclosures (31 December)		
Assets	42	78
Equity	28	69
Liabilities	14	9
Income statement disclosures		
Revenue	245	280
Profit/loss for the year	−34	−60

	2013 € thsd.	2012 € thsd.
Youdress GmbH:		
Balance sheet disclosures (2.4./31 Dec.)		
Assets	86	86
Equity	−21	−20
Liabilities	107	106
Income statement disclosures		
Revenue	0	0
Profit/loss for the year	−1	−5

The non-recognised pro rata loss of Youdress GmbH for the period amounts to €1 thousand (prev. year: €3 thousand) and accumulated to €11 thousand (prev. year €10 thousand).

Investments

The investments shown as financial assets are the investments in Thinkmap, Inc., New York/USA (5.9%; prev. year: 5.9%), as well as in incowia GmbH, Ilmenau (10.0%; prev. year: 10.0%). Due to impairment, the investment in Thinkmap, Inc. was already written down to zero in 2002 and the investment in incowia GmbH written down to zero in 2004. As in the previous year, there were no dividends from investments shown as financial assets.

Please refer to the next page for equity holdings acc. to Section 313 (2) HGB.

As at 31 December 2013 GFT AG holds direct and indirect shares of at least 20% in the following companies:

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

	Location	Share of the capital		Equity 31/12/2013		Results for the financial year 2013
Direct investments						
GFT Technologies (Schweiz) AG	Opfikon, Switzerland	100%	CHF	1,908,641.97	CHF	899,769.65
GFT UK Limited	London, UK	100%	€	2,714,336.20	€	5,711,558.49
GFT Iberia Holding, S.A.U.	Sant Cugat del Vallès, Spain	100%	€	7,001,074.00	€	3,719,081.04
emagine GmbH [3]	Eschborn, Germany	100%	€	1,812,244.65	€	0 [1]
Emagine Consulting SARL [3]	Neuilly-sur-Seine, France	100%	€	2,728,313.09	€	435,601.50
GFT Holding France SARL	Neuilly-sur-Seine, France	100%	€	1,041.91	€	23.50
eQuadriga Software Private Limited	Trichy, India	30%	INR	3,037,147.00	INR	−2,654,065.00
GFT Innovations GmbH	Stuttgart, Germany	100%	€	−403,551.49	€	−438,147.68
GFT Financial Solutions AG	Opfikon, Switzerland	100%	CHF	1,844,407.49	CHF	1,198,127.63
GFT Real Estate GmbH	Stuttgart, Germany	100%	€	363,706.26	€	0 [3]
GFT Beteiligungs GmbH	Stuttgart, Germany	100%	€	19,284.63	€	−5,715.37
GFT Holding Italy S.r.l.	Milan, Italy	100%	€	−4,006,576.27	€	−3,423.73
Indirect investments						
GFT IT Consulting, S.L.U.	Sant Cugat del Vallès, Spain	100%	€	9,280,037.39	€	4,851,899.77
GFT Brasil Consultoria Informática Ltda.	São Paulo, Brazil	100%	BRL	2,280,475.03	BRL	355,524.61
GFT USA, Inc.	New York, USA	100%	USD	6,085,448.12	USD	431,845.32
emagine Flexwork GmbH [3]	Stuttgart, Germany	100%	€	375,000.00	€	0 [2]
GFT Software Factory Iberia, S.L.U.	Lleida, Spain	100%	€	−192,099.26	€	13,131.17
GFT Appverse, S.L.U.	Sant Cugat del Vallès, Spain	100%	€	−6,977.98	€	−2,833.89
GFT UK Invest Limited	London, UK	100%	€	−409,609.05	€	−21,533.67
Emagine Consulting Limited	London, UK	100%	GBP	238,907.95	GBP	138,907.95
Sempla S.r.l. [4]	Milan, Italy	80%	€	21,500,121.63	€	2,036,060.44
Sempla Med S.r.l.	Palermo, Italy	100%	€	212,860.43	€	−48,155.18
Sempla Roma S.r.l.	Milan, Italy	100%	€	53,622.93	€	2,640.76
Nacon S.r.l.	Genoa, Italy	100%	€	369,404.92	€	48,462.35
Cardinis Solutions S.r.l.	Padua, Italy	100%	€	405,657.53	€	108,638.12
Med-Use S.r.l.	Milan, Italy	100%	€	275,822.58	€	143,340.44

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 According to a shareholder resolution of 6 December 2013, Sempla S.r.l., Milan, Italy was renamed as GFT Italia S.r.l., Milan, Italy, with effect from 1 January 2014.
On 2 April 2013, Youdress GmbH, Filderhauptstraße 142, Stuttgart, was sold in accordance with a notarised contract of the same date.

10. Other assets

Other assets can be broken down as follows:

¬ OTHER ASSETS	31/12/2013 € thsd.	31/12/2012 € thsd.
Non-current assets		
Deposits	541	411
Other current financial assets		
Deposits	259	100
Creditors with debit balance	206	29
Receivables from employees	73	52
Deferred interest	10	198
Others	264	37
	812	**416**
Other current assets		
Accruals	1,106	998
Claims for VAT and other tax refunds	690	429
Receivables from social security fund	158	116
	1,954	**1,543**
Total current	**2,766**	**1,959**
Total other assets	**3,307**	**2,370**

11. Income taxes

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

¬ INCOME TAXES	2013 € thsd.	2012 € thsd.
Current tax expense	5,640	3,035
Deferred tax income (prev. year: deferred tax expense)	–1,750	739
Tax expense	**3,890**	**3,774**

The current tax expense includes out-of-period current income tax income of €76 thousand (prior year €82 thousand).

Deferred income taxes result from the following causes:

	2013 € thsd.	2012 € thsd.
From temporary differences	–1,750	42
From taxable loss carry-forwards	0	697
Deferred tax income (prev. year: deferred tax expense)	**–1,750**	**739**

Items credited directly to other comprehensive income resulted in deferred taxes of €–135 thousand (prev. year: €47 thousand) which could not be booked through profit or loss. The change in tax rates led to a decline in the deferred tax expense of €0 thousand (prev. year: €0 thousand).

The deferred tax expense is reduced by the corrected recognition of deferred tax assets on tax loss carry-forwards (€0 thousand; prev. year: €697 thousand) and temporary differences (€0 thousand; prev. year: €42 thousand).

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

	31/12/2013 € thsd.	31/12/2012 [1] € thsd.
Deferred tax assets	3,893	4,232
Long-term current income tax claims (Assets from corporate tax according to § 37 KStG)	310	415
Short term assets from profits tax	1,338	918
	5,541	**5,565**

1 Adjusted following change to IAS 19 revised (see point 15)

	31/12/2013 € thsd.	31/12/2012 € thsd.
Deferred tax liabilities	2,740	593
Current tax liabilities	1,999	752
	4,739	**1,345**

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

	31/12/2013 € thsd.	31/12/2012 [1] € thsd.
Tax loss carry-forwards	2,809	2,809
Other provisions	434	390
Intangible assets and property, plant and equipment	1,252	91
Provisions for pensions	858	859
Anniversary and other provisions for employees	0	58
Receivables and other financial assets	733	25
Subtotal	6,086	4,232
Net total	–2,193	0
Deferred tax assets	**3,893**	**4,232**

1 Adjusted following change to IAS 19 revised (see point 15)

	31/12/2013 € thsd.	31/12/2012 € thsd.
Receivables	437	314
Intangible assets and equipment	4,496	199
Holdings	–	70
Other provisions	–	10
Subtotal	4,933	593
Net total	−2,193	0
Deferred tax liabilities	**2,740**	**593**

There are loss carry forwards for German Group companies amounting to €3.3 million (prev. year: €3.2 million) for corporation tax / solidarity surcharge and loss carry forwards for trade tax of €2.6 million (prev. year: €2.6 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 at 31 December 2013 refers to GFT Technologies AG (€2,809 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 €2,809 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:

	2013 € thsd.	2012 € thsd.
Earnings before income taxes	**17,519**	**12,110**
Expected tax expenses at 28.0% (prev. year: 28.0%)	4,905	3,391
Other non tax-deductible expenses and tax-free income	−1,228	−937
Recognition correction on deferred assets	359	903
Tax rate differences	−149	373
Aperiodic effects (income tax for previous years)	−124	82
Other tax effects	127	-38
Effective tax expense	**3,890**	**3,774**
Effective tax rate	22.2%	31.2%

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 €54,777 thousand (prev. year: €23,174 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.

	2013 € thsd.	2012 [1] € thsd.
Deferred tax assets	3,893	4,232
Deferred tax liabilities	−2,740	−593
Balance as of 31 December	**1,153**	**3,639**

1 Adjusted following change to IAS 19 revised (see point 15)

The development of net deferred tax assets in 2013 is shown in the following table:

	2013 € thsd.	2012 [1] € thsd.
Balance as of 1 January	4,232	4,202
Use (in the previous year addition)	−339	30
Balance as of 31 December	**3,893**	**4,232**

1 Adjusted following change to IAS 19 revised (see point 15)

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:

	2013 € thsd.	2012 € thsd.
Deferred taxes in the income statement	−1,750	739
Deferred taxes in other comprehensive income	−135	47
Total	**−1,885**	**786**

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 €1,141 thousand (prev. year: €283 thousand). Trade receivables, in accordance with IAS 11, include realised revenue from unfinished projects as at the balance sheet date in the amount of €11,953 thousand (prev. year: €20,587 thousand) minus prepayments received in the amount of €7,419 thousand (prev. year: €16,733 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 €27,226 thousand (prev. year: €24,589 thousand) recognised using the percentage of completion method. This was opposed by costs of €24,135 thousand (prev. year: €22,488 thousand). There was therefore a profit of €3,091 thousand (prev. year: €2,101 thousand).

The cumulative value adjustments on trade receivables developed as follows:

	31/12/2013 € thsd.	31/12/2012 € thsd.
Balance as of 1 January	283	479
Additions	118	64
Drawings	0	−48
Reversals	−33	−212
Additions from changes in consolidated group	775	0
Exchange rate effects and other changes	−2	0
Balance as of 31 December	**1,141**	**283**

13. Securities as well as cash and cash equivalents

As in the previous year, the securities disclosed by the GFT Group under current assets as at 31 December 2013 are used for contingency liquidity purposes and interest rate optimisation and consist of variable interest rate debt instruments. They are broken down as follows:

	31/12/2013 € thsd.	31/12/2012 € thsd.
Category according to IAS 39		
Financial assets at fair value through profit and loss	0	455
Financial assets available for sale	1,354	861
Total	**1,354**	**1,316**

In the financial year 2013, the sale of securities "measured at fair value through profit or loss" led to earnings in the income statement of €40 thousand (prev. year: €197 thousand due to write-ups).

The amendment to the fair value of non-current and current "available for sale" securities as at 31 December 2013 led to an overall positive "Reserve for the market assessment of securities" in equity due to a change of €401 thousand (prev. year: €252 thousand). As of 31 December 2013, the "Reserve for the market assessment of securities" amounts to €38 thousand including income taxes of €–15 thousand (prev. year: €–364 thousand including income taxes of €120 thousand).

In financial year 2013, the "Reserve for the market assessment of securities" developed as follows:

	31/12/2013 € thsd.	31/12/2012 € thsd.
Balance as of 1 January	−364	−616
Change in the fair value of non-current securities	−37	35
Reclassification to the income statement	81	33
Change in the fair value of current securities	493	137
Income taxes	−135	47
Balance as of 31 December	**38**	**–364**

As in the previous year, the inventory of securities as at 31 December 2013 consists solely of debt issues with good credit standing. At least on every balance sheet date, the GFT Group determines whether objective indications are present that an impairment of securities is present. When deciding whether the impairment of an asset is to be classified as permanent, the GFT Group also takes into consideration the ability and intention to keep the asset up to the recovery of its fair value, the likelihood that the fair value will again reach the acquisition value of the asset as well as the course of interest payments. There were no factors for impairment as of 31 December 2013.

Cash and cash equivalents of the total company include cash (€2 thousand; previous year €2 thousand) and short-term liquid credit at banks (€47,147 thousand; previous year €35,910 thousand).

14. Shareholders' equity

Please refer to the separately presented statement of changes in equity for the equity development during the financial years 2013 and 2012.

As at 31 December 2013 share capital in the amount of €26,325,946.00 consisted of 26,325.946 no-par bearer shares (unchanged from 31 December 2012) 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 2013 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 valuation of the acquisition of Sempla S.r.l., Milan, Italy, 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 2013, a dividend of €0.15 per share was distributed to shareholders, totalling €3,949 thousand (prev. year: €0.15 per share, totalling €3,949 thousand), from the balance sheet profit of the parent company GFT AG.

It is proposed to distribute a dividend of €0.20 per share to shareholders, totalling €5,265 thousand (prev. year: €0.15 per share, totalling €3,949 thousand) from the balance sheet profit of GFT AG as at 31 December 2013.

Authorised capital

The development of equity during the financial years 2013 und 2012 is presented in the separately disclosed Statement of Changes in Equity on pages 116 - 117.

As at 31 December 2013, there was therefore unutilised authorised capital in the amount of €10,000,000.00 (31 December 2012 €10,000,000.00).

Conditional capital

Conditional capital amounted to €10,000,000.00 as at 31 December 2013 (prev. year: €10,000,000.00).

15. Provisions for pensions

In June 2011, the IASB published amendments to IAS 19 "Employee Benefits" which were adopted by the EU in June 2012. Application of the amended standard is mandatory for all financial statements prepared for financial years beginning on or after 1 January 2013, and thus for the first time in the current financial year.

The Group previously recognised pensions and similar obligations according to the so-called corridor approach. With the mandatory adoption of IAS 19 revised as of 2013, the corridor approach is no longer to be used and actuarial gains and losses are now recognised in other comprehensive income.

This leads to an increase in provisions for pensions and similar obligations as well as a decrease in equity.

The Consolidated Income Statement will no longer contain actuarial gains and losses in future as these are now recognised in other comprehensive income.

A further change is the introduction of the net interest rate. Net pension obligations are dis-counted with the underlying interest rate used for the valuation of gross pension obligations.

Mandatory retrospective application in accordance with IAS 19R has resulted in the following changes to balance sheet items as at 1 January 2012 and 31 December 2012:

¬ EFFECTS ON THE CONSOLIDATED BALANCE SHEET FROM THE AMENDMENT OF IAS 19	31/12/2013 € thsd.	01/01/2012 € thsd.
Equity	–1,891.43	–720.87
Pension provisions	2,612.14	996.29
Balance of deferred taxes	–720.71	–275.42

The effects on the Consolidated Income Statement for the first six months of financial year 2012 are only minor. There was no change in earnings per share.

Maintaining the old version of IAS 19 would have resulted in the following changes to the Consolidated Balance Sheet and Consolidated Income Statement.

¬ EFFECTS ON THE CONSOLIDATED BALANCE SHEET FROM THE MAINTENANCE OF IAS 19	31/12/2013 € thsd.
Equity	85.62
Pension provisions	–118.09
Balance of deferred taxes	–32.47

¬ EFFECTS ON THE CONSOLIDATED INCOME STATEMENT FROM THE MAINTENANCE OF IAS 19	2013 € thsd.
EBT	111.64
Interest result	81.44
Income taxes	22.40
Group result	89.24

There would also have been no change to earnings per share as at the end of 2013.

Other comprehensive income was disclosed for the first time according to IAS 1.82A. The effects mainly concerned the disclosure of actuarial gains and losses in other comprehensive income, which are never reclassified into the Income Statement.

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).

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 2013 for defined contribution plans to public and private pensions regulatory authority of €8,773 thousand (prev. year: €7,373 thousand) are included in personnel expenses.

The defined benefit plans concern obligations in Germany and in Switzerland.

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 2013 and in the previous year.

"Fully insured" BVG plans refer to those plans for which all actuarial risks, including capital market risks, are borne by an insurance company, at least temporarily. The BVG provisioning of the Swiss subsidiary of GFT AG comprises 43 active insured parties and no pension recipient as at 31 December 2013 (prev. year: 51 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 Sempla S.r.l..

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

	Germany		Switzerland		Italy	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Probability of fluctuation	–	–	BVG 2010	BVG 2010	10%	
Pensionable age	63	63	65 / 64	65 / 64	67	
Salary increases (employee / manager)	2.00%	2.00%	2.00%	2.00%	1% + inflation	
Salary increases (manager)	–	–	–	–	0.5% + inflation	
Pension increases	2.00%	2.00%	0.00%	0.00%	3.00%	
Discount rate	2.76%	2.76%	2.00%	2.00%	3.11%	

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 des National Institute for Social Security (INPS - Istutio Nazionale della Previdenza Sociale).

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 (2013) and the preceding year can be taken from the following table:

	31/12/2013 € thsd.	31/12/2012 € thsd.
Fair value of plan assets	−4,664	−4,619
Present values of defined benefit obligations	11,044	8,307
Surplus cover (net asset)/deficient cover (net liability)	**6,380**	**3,688**

Of the present value for rights accrued, €7,483 thousand (prev. year: €7,526 thousand) refer to pension plans that are financed completely or partially through plan assets, and €3,561 thousand (prev. year: €756 thousand) to pension plans that are not financed by plan assets.

The experience adjustments to the liabilities of the plans came to €338 thousand in financial year 2013 (2012: €84 thousand); the experience adjustments to the plan assets came to €7 thousand (2012: €106 thousand).

	2013 € thsd.	2012 € thsd.
Pension obligation as of 1 January	8,307	6,291
Current service cost	937	881
Interest expense/income	295	177
Restatements	−173	1,561
Contributions to pension plan	233	50
Benefits paid	−1,029	−513
Currency differences	−78	−140
Effects from business combinations and disposals	2,552	0
Pension obligation as at 31 December	**11,044**	**8,307**

Effects on pension obligations from business combinations amounting to €2,552 thousand refer to the TFR obligations from the acquisition of Sempla S.r.l., Milan/Italy, on 3 July 2013.

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

	2013 € thsd.	2012 € thsd.
Fair value of plan assets as of 1 January 2013	4,619	4,524
Income from plan assets (without interest income)	89	151
Benefits paid	−534	−426
Contributions by employer	261	319
Contributions by entitled employees	261	306
Currency differences	−32	−256
Fair value of plan assets as of 31 December	**4,664**	**4,619**

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 (2014), employer contributions to the plan assets of €249 thousand and employee contributions of €249 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 2013 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.

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:

	2013 € thsd.	2012 € thsd.
Cash and cash equivalents	60	73
Mortgages	448	459
Loans	0	0
Bonds	3,270	3,226
Shares	358	333
Alternative investments	36	32
Property	492	495
Fair value of plan assets	**4,664**	**4,619**

The table above includes €250 thousand of plan assets from Germany. There are no plan assets in Italy.

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

Maturity profile 31 December 2013	< 1 € thsd.	1 - 5 € thsd.	6 - 10 € thsd.	11 - 20 € thsd.	> 20 € thsd.	Total € thsd.
Germany	38	184	396	880	0	1,498
Switzerland	9	473	106	2,758	3,800	7,146
Italy	298	1,023	976	1,236	676	4,209
	345	**1,681**	**1,478**	**4,874**	**4,476**	**12,852**

In the next reporting period (2014), plan contributions of €438 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 December 31, 2013. 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.	Germany %	Switzerland %	Italy %
Present value of obligations	1,258	7,146	2,788			
Discount rate	2.76%	2.00%	3.11%			
¬ Increase of 0.5%	1,171	6,511	2,658	−6.90%	−8.88%	−4.66%
¬ Decrease of 0.5%	1,354	7,810	2,894	7.70%	9.29%	3.83%
Salary increase	2.00%	2.00%	1.00%			
¬ Increase of 0.5%	1,276	7,488	2,796	1.45%	4.78%	0.32%
¬ Decrease of 0.5%	1,240	6,823	2,779	−1.43%	−4.52%	−0.30%
Pension increase	2.00%	0.00%	3.00%			
¬ Increase of 0.5%	1,313	7,237	2,901	4.38%	1.28%	4.08%
¬ Decrease of 0.5%	1,208	7,146	2,681	−3.97%	0.00%	−3.84%

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 2013:

	Balance as of 1 January 2013	Additions from changes in consolidated group	Consump-tion	Reversals	Additions	Balance as of 31 December 2013
	€ thsd.	€ thsd.	€ thsd.	€ thsd.	€ thsd.	€ thsd.
Employee commissions/bonuses/anniversaries/severance payments	9,620	1,339	7,828	1,256	13,562	15,437
Holiday obligations	2,523	1,511	2,637	96	2,864	4,165
Contributions to professional associations	75	–	75	–	76	76
Provisions for personnel expenses	**12,218**	**2,850**	**10,540**	**1,352**	**16,502**	**19,678**
Subsequent purchase price payments from business combinations	3,671	–	162	2,493	8	1,024
Outstanding purchase invoices	3,361	1,085	2,193	341	3,223	5,135
Credits notes still to be issued	323	–	31	145	2,216	2,363
Warranty	71	–	39	–	98	130
Impending losses from projects	213	–	–	100	213	326
Others	1,168	175	957	140	1,423	1,669
Total	**21,025**	**4,110**	**13,922**	**4,571**	**23,683**	**30,325**

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 €144 thousand (prev. year: €126 thousand); the effect of changes in the discount rate amount to €0 thousand (prev. year: €5 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 positions as follows:

	31/12/2013 € thsd.	31/12/2012 € thsd.
Other long-term provisions		
Subsequent purchase price payments from business combinations	–	2,049
Employee commissions/bonuses/anniversaries / severance payments	576	810
Others	84	76
	660	**2,935**
Other short-term provisions	29,665	18,090
	30,325	**21,025**

17. Liabilities

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

	Remaining term		Total amount		
	up to 1 year	more than 5 years	31/12/2013	Thereof secured through liens and similar rights	Nature and form of the collatera
Trade liabilities	21,779,772.02 (prev. year: €19,835 thsd.)	0.00 (prev. year: €- thsd.)	21,779,772.02 (prev. year: €19,835 thsd.)		Usual reservation of property rights
Deferred tax liabilities	0,00 (prev. year: €- thsd.)	0.00 (prev. year: €- thsd.)	2,740,334.00 (prev. year: €593 thsd.)		
Financial liabilities	732,332.74 (prev. year: €- thsd.)	12,000,000.00 (prev. year: €- thsd.)	27,738,779.10 (prev. year: €- thsd.)		
Current income tax liabilities	1,999,161.86 (prev. year: €752 thsd.)	0.00 (prev. year: €- thsd.)	1,999,161.86 (prev. year: €752 thsd.)		
Other financial liabilities	1,250,409.99 (prev. year: €685 thsd.)	11,673,011.42 (prev. year: €- thsd.)	12,923,421.41 (prev. year: €685 thsd.)		
Other liabilities	15,341,756.94 (prev. year: €7,692 thsd.)	0.00 (prev. year: €- thsd.)	15,341,756.94 (prev. year: €7,692 thsd.)		
	41,103,433.55 (prev. year: €28,965 thsd.)	**23,673,011.42** (prev. year: €- thsd.)	**82,523,225.33** (prev. year: €29,558 thsd.)		

There are trade payables to associated companies of €6 thousand (prev. year: €17 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:

	31/12/2013 € thsd.	31/12/2012 € thsd.
Other non-current financial liabilities		
Conditional purchase price obligation from business combinations	11,673	0
Other current financial liabilities		
Liabilities to employees	1,006	95
Debitors with credit balances	244	35
Others	0	555
Total	**1,250**	**685**
Other current liabilities		
Wage tax, VAT, and other tax liabilities	5,402	2,605
Advance payments on orders	2,436	2,571
Liabilities from social security contributions	2,210	1,251
Deferred credits to income	4,963	721
Others	331	544
Total	**15,342**	**7,692**
Total other liabilities	**28,265**	**8,377**

19. Additional information on the Consolidated Statement of Comprehensive Income

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

	2013 €			2012 €		
	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):	219,738.92	−60,904.83	158,834.09	−1,615,848.50	445,290.76	−1,170,557.74
¬ Change in fair value recognised in equity	454,420.95	−134,909.21	319,511.74	171,655.80	47,148.96	218,804.76
¬ Reclassification to the income statement	81,895.21	0.00	81,895.21	33,257.53	0.00	33,257.53
	536,316.16	−134,909.21	401,406.95	204,913.33	47,148.96	252,062.29
Exchange differences on translating foreign operations	−520,834.94	0.00	−520,834.94	−149,351.42	0.00	−149,351.42
	235,220.14	**−195,814.04**	**39,406.10**	**−1,560,286.59**	**492,439.72**	**−1,067,846.87**

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). 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 158 - 159 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:

	2013 € thsd.	2012 € thsd.
Total segment revenue	266,547	234,569
Elimination of inter-segment revenue	−2,278	−3,977
Occasionally occurring revenue	16	99
Group revenue	**264,285**	**230,691**
Total segment results (EBT)	20,690	15,180
Non-attributed expenses/income of Group HQ	−2,188	−1,992
Non-attributed expenses for elimination of intercompany profits	0	−957
Other	−983	−121
Group results before taxes	**17,519**	**12,110**

	2013 € thsd.	2012 [1] € thsd.
Total segment assets	192,055	120,753
Non-attributed assets of Group HQ	292	118
Securities	1,474	4,506
Assets from income taxes	6,063	5,995
Others	6,493	1,112
Group assets	**206,377**	**132,484**
Total segment liabilities	110,170	49,946
Non-attributed liabilities of Group HQ	321	314
Liabilities from income taxes	8,266	3,497
Others	472	513
Group liabilities	**119,229**	**54,270**

1 *Adjusted following change to IAS 19 revised (see point 15)*

The reconciliation discloses items which per definition are not components of the segments. In addition, non-attributed items of Group HQ, e.g. from centrally managed issues, or revenue which only occasionally occurs for company activities, are also contained. The reconciliation also contains disclosures in connection with the activities of GFT Innovations GmbH and the GFT Real Estate GmbH. Business transactions between the segments are also eliminated in the reconciliation.

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

	Revenue from sales to external clients [1]		Non-current intangible and tangible assets	
	2013 € thsd.	2012 € thsd.	31/12/2013 € thsd.	31/12/2012 € thsd.
Germany	83,345	88,015	35,775	33,045
UK	61,018	37,669	64	30
France	39,004	42,471	74	93
Italy	27,769	5,186	32,669	0
Spain	26,188	25,644	2,017	1,269
USA	10,620	10,224	4,866	5,070
Switzerland	9,622	11,592	81	121
Other foreign countries	6,719	9,890	330	297
Total [1]	**264,285**	**230,691**	**75,876**	**39,925**

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	
	2013 € thsd.	2012 € thsd.	2013	2012
Client 1	102,214	84,206	GFT, emagine	GFT, emagine

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

¬ SEGMENT REPORT
As at 31/12/2013

	GFT		emagine	
	31/12/2013 € thsd.	31/12/2012 € thsd.	31/12/2013 € thsd.	31/12/2012 € thsd.
External sales	174,044	121,053	90,225	109,539
Inter-segment sales	692	29	1,586	3,948
Total revenues	**174,736**	**121,082**	**91,811**	**113,487**
Scheduled depreciaton and amortisation	−2,510	−1,215	−193	−265
Significant non-cash income / expenditure other than depreciation	248	155	0	0
Interest income	135	123	2	5
Interest expenses	−442	−140	−53	−23
Share of net profits of associated companies reported according to the equity method	−9	−17	0	0
Segment result (EBT)	**19,628**	**12,862**	**1,062**	**2,318**
Segment assets	160,560	84,146	31,495	36,607
Investment in associates reported according to the equity method	21	30	0	0
Investment in non-current intangible and tangible assets	26,717	1,146	78	124
Segment liabilities	92,210	30,520 *	17,960	19,426

* *Adjusted, see note 15 of the Consolidated Financial Statements*

Total		Reconciliation		GFT Group	
31/12/2013 € thsd.	31/12/2012 € thsd.	31/12/2013 € thsd.	31/12/2012 € thsd.	31/12/2013 € thsd.	31/12/2012 € thsd.
264,269	230,592	16	99	264,285	230,691
2,278	3,977	–2,278	–3,977	0	0
266,547	**234,569**	**–2,262**	**–3,878**	**264,285**	**230,691**
–2,703	–1,480	–136	–87	–2,839	–1,567
248	155	113	–371	361	–216
137	128	298	337	435	465
–495	–163	–76	23	–571	–140
–9	–17	0	0	–9	–17
20,690	**15,180**	**–3,171**	**–3,070**	**17,519**	**12,110**
192,055	120,753	14,322	11,731 *	206,377	132,484
21	30	0	0	21	30
26,795	1,270	2,533	523	29,328	1,793
110,170	49,946 *	9,059	4,324	119,229	54,270

21. Other operating income

This item includes:

	2013 € thsd.	2012 € thsd.
Income from the adjusted expected value of GFT Financial Solutions AG, Switzerland (formerly Asymo)	2,420	–
Other income from the CeBIT fair appearance of CODE_n	767	–
Benefits in kind – employee private motor vehicle use	259	240
Income from the lowering of value adjustments and intakes on receivables written off	250	217
Income from the disposal of securities	53	–
Social insurance rebates	25	158
Income from exchange rate differences	21	202
Income from the adjusted expected value of G2	–	2,460
Income from exchange rate differences G2 Systems USA	18	–
Out-of-period income	16	249
Income from derecognition of liabilities	9	–
Insurance recoveries	2	47
Income from arrears penalties	–	19
Income from disposals and write-ups of securities	–	197
Reversals of provisions	–	54
Other	477	596
	4,317	**4,439**

Other operating income attributable to another financial year amounted to €2,479 thousand (prev. year: €2,921 thousand). It comprises the adjustment of the expected value for G2 Systems (€18 thousand; prev. year: €2,460 thousand), the adjustment of the expected value for GFT Financial Solutions (formerly Asymo) (€2,420 thousand; prev. year: €0 thousand), social security rebates (€25 thousand; prev. year: €158 thousand) and other out-of-period income (€16 thousand; prev. year: €303 thousand).

22. Costs of purchased services

In addition to expenses for software and hardware resold as part of projects (€0 thousand; previous year €4 thousand), material expenses of the total company comprise mainly expenses for services rendered by outside personnel (consultants, software developers) and subcontractors (€108,559 thousand; previous year €108,304 thousand).

23. Personnel expenses

Personnel expenses include expenses for the GFT Group's own personnel. These amounted to €110,682 thousand (prev. year: €89,837 thousand). For the expenses for retirement pensions we refer to point 15 of the Notes to the Consolidated Financial Statements.

24. Depreciation

As in the previous year, depreciation and amortisation of non-current intangible assets and property, plant and equipment in the financial year 2013 does not include any write-downs on goodwill due to impairment. Depreciation and amortisation amounted to €2,839 thousand (prev. year: €1,567 thousand). The year-on-year increase resulted from the business combination in 2013 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 €105 thousand (prev. year: €82 thousand). Securities are measured at amortised cost.

25. Other operating expenses

Other operating expenses comprise the following items:

	2013 € thsd.	2012 € thsd.
Operating expenses	7,277	6,207
Distribution expenses	10,471	8,921
Administrative expenses	8,317	6,964
Currency losses	580	457
Taxes not dependent on income	666	325
Expenses in connection with the acquisition of companies	718	–
Value adjustments and uncollectable receivables	104	78
Out-of-period expenses	43	5
Project losses, contract penalties, warranties	273	213
Other operating expenses	305	368
Total company	**28,753**	**23,538**

26. Research and development expenses

In the financial year 2013, total expenses for research and development amounted to €2,065 thousand (prior year €1,565 thousand). The Group only discloses expenses from the development of new technologies and processes in this item.

In the course of the acquisition of the Sempla Group, Italy, development costs of €87 thousand were capitalised in the second half of 2013. 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:

	2013 € thsd.	2012 € thsd.
Other interest and similar income		
Interest from securities	194	299
Interest on bank balances	195	82
Other interest income	46	84
	435	**465**
Interest and similar expenses		
Interest on financial liabilities	–245	–4
Other interest expenses	–326	–136
	–571	**–140**
Interest result of total company	**–136**	**325**

Accrued interest income on impaired financial assets amounted to €0 thousand in 2013 (prev. year: €69 thousand).

28. Business combinations during the financial year 2013

Compared to the Consolidated Financial Statements as at 31 December 2012, the following changes have resulted for the consolidated group and the subsidiaries:

On 26 February 2013, GFT Technologies AG, Stuttgart, purchased Neckarsee 283. VV GmbH. On 21 March 2013, the company's name was changed to GFT Beteiligungsgesellschaft mbH, Stuttgart.

GFT Holding Italy S.r.l, Milan, Italy, was founded by GFT Technologies AG, Stuttgart, on 16 May 2013. The company's share capital amounts to €10 thousand and was fully paid on 6 May 2013. According to a shareholder resolution on 13 July 2013, an amount of €4,000 thousand was paid into the capital reserves of GFT Holding Italy S.r.l., Milan, Italy.

The initial consolidation of the two companies above did not have any major effect on the Group's financial position and performance.

In a purchase agreement dated 30 May 2013, GFT AG acquired an 80-percent stake in the Italian IT service provider Sempla S.r.l., Milan, Italy, via the subsidiary GFT Holding Italy S.r.l.. At the same time, a combined put and call option agreement was concluded for the remaining 20 percent of shares. After choosing the option of the anticipated acquisition method, the transaction was already treated as a 100-percent acquisition of Sempla S.r.l. as 3 July 2013 (closing). The purchase price for the acquisition of Sempla S.r.l. was paid in the amount of €20,712 thousand in cash, while an amount of €10,889 thousand is carried as a conditional purchase price liability. The conditional purchase price liability is measured at present value and which, due to the aforementioned option, will be carried in subsequent periods without affecting profit or loss.

The purchase price for 100 percent of shares carried in the statement of financial position thus breaks down as follows:

Purchase price	€ thsd.
Cash payment	20,712
Conditional purchase payment	10,889
Total purchase price	**31,601**

Sempla's range of services adds top-quality consulting know-how on the Italian market and acclaimed expertise in the field of banking to the existing portfolio of the GFT segment. This creates synergies for the further penetration of the Italian market and offers GFT clear growth opportunities with existing and new clients in Europe and the USA.

The goodwill resulting from the purchase amounts to €23,836 thousand, which not only reflects the considerable synergy effects and expected cross-selling effects, but also the expected growth in the portfolio of GFT. Goodwill is not tax deductible.

The transaction costs for the acquisition amount to €718 thousand and were recognised in profit or loss.

The variable purchase price liability depends on the future earnings of Sempla 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 percent 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.

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

	Fair value at time of acquisition € thsd.
Goodwill	23,836
Intangible assets	9,020
Office and factory equipment	921
Order backlog	1,657
Receivables	15,233
Other assets	4,085
Cash and cash equivalents	5,458
Total assets	**60,210**
Provisions for pensions	2,552
Other provisions	3,432
Deferred tax liabilities	4,429
Current income tax liabilities	629
Trade payables	3,178
Financial liabilities	2,931
Other liabilities	11,376
Total liabilities	**28,527**

The acquired receivables refer to trade receivables. The fair value of acquired receivables amounts to €15,233 thousand, while the gross amount is €16,011 thousand. Adjusted receivables as of the purchase date amount to €778 thousand. In accordance with IFRS 3.23, no other contingent liabilities were recognised. As of 31 December 2013, there were no significant changes to contingent liabilities.

Since the date of acquisition (i.e. July 2013), Sempla S.r.l has generated third-party sales of €21,770 thousand and contributed €356 thousand to the consolidated operating result of financial year 2013. If the acquisition had already taken place in January 2013, third-party sales of €43,070 thousand and an earnings contribution of €1,200 thousand would have been generated.

Business combinations during the financial year 2012

On 13 April 2012, GFT Technologies AG acquired Neckarsee 254. VV GmbH and changed its name to GFT Beteiligungsgesellschaft mbH, Stuttgart, on 18 June 2012. On 15 August 2012, the company was renamed as GFT Real Estate GmbH, Stuttgart. In accordance with a notarised purchase agreement dated 21 August 2012, a payment obligation amounting to €2.0 million was assumed by GFT Real Estate GmbH for the purchase of land and property. A down-payment of €100 thousand was made on 31 December 2012. The property transfer tax was paid in full. There have since been no further activities.

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

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

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

29. Statement of cash flows

The GFT Group's statement of cash flows for the financial year 2013 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:

	31/12/2013 € thsd.	31/12/2012 € thsd.
Cash	2	2
Short-term cash deposits with banks	47,147	35,910
	47,149	**35,912**

The disclosures on the purchase of subsidiaries and other legal entities in the year 2013 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	31,601	65,5	5,458	54,752	28,527
				thereof	thereof
Non-current assets				34,246	
Current assets				19,506	
Non-current liabilities					8,896
Current liabilities					19,631

30. Earnings per share

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

	2013 € thsd.	2012 € thsd.
Basic earnings per share	0.52	0.32
¬ profit for the period considered	13,628,347.45	8,335,247.59
¬ number of ordinary shares considered	26,325,946	26,325,946
Diluted earnings per share	0.52	0.32
¬ profit for the period considered	13,628,347.45	8,335,247.59
¬ 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 2012 and 2013 as the conditional capital was not exercised.

31. Reporting on financial instruments

Information on financial instruments according to categories

The table on pages 170 - 171 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 170 - 171.

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:

	2013 € thsd.
Balance as of 1 January 2013	3,671
Adjustment of the expected value	–2,647
From company acquisition	11,100
Balance as of 31 December 2013	**12,124**

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:

	2013 € thsd.	2012 € thsd.
Net profits/losses from financial assets measured at fair value through profit or loss	–40	179
Net profits/losses from the disposal of available-for-sale financial assets:		
¬ profit/loss which directly recognised in other comprehensive income (market assessment reserve)	454	172
¬ amount reclassified from equity (market assessment reserve) to the income statement	–82	–33
Net profits/losses from loans and receivables:	**85**	**139**
¬ Expenses from impairment	–118	–43
¬ Income from reversals of impairment loss	33	217
¬ Derecognition	–	–35
Net profits/losses from financial liabilities valued at amortised cost	**–**	**0**

The net profits or losses from financial assets and liabilities measured at fair value through profit or loss also include interest expenses and income from these financial instruments in addition to earnings from changes in market value. Results from market assessment changes are included in the income statement in the items "Other operating income/expenses" and "Write-downs on securities". Interest income and expenses from financial assets and liabilities measured at fair value through profit or loss are included in the financial result of the income statement.

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

	2013 € thsd.	2012 € thsd.
Total interest income	129	259
Total interest expenses	–	–

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:

	31/12/2013 in € million	31/12/2012 in € million
Neither overdue nor value-adjusted receivables	64.2	41.6
Overdue receivables which have not been value adjusted		
¬ Less than 90 days	7.4	2.8
¬ 90 to 180 days	0.7	0.1
¬ 180 to 360 days	0.4	0.0
¬ More than 360 days	1.4	0.0
Value-adjusted receivables	−1.1	−0.3
Carrying amount	**73.0**	**44.2**

There are receivables, which are neither overdue nor value-adjusted, amounting to €64.2 million due from customers with very good credit ratings. Of total value-adjusted receivables, an amount of €142 thousand adjusted individually. These individual value adjustments refer to an insolvent client (€40 thousand) and a disputed receivable (€64 thousand). The remaining value adjustments of €38 thousand refer to several clients.

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:

Trade receivables	31/12/2013 in € million	31/12/2012 in € million
Carrying amount	**73.0**	**44.2**
Concentration according to customers:		
¬ Receivables from 5 biggest customers	27.7	19.6
¬ Receivables from rest of customers	45.3	24.6
Concentration according to regions: [1]		
¬ Germany	15.1	14.5
¬ Europe (outside Germany)	47.8	26.8
¬ Rest of the world	10.1	2.9

1 *According to location of customers*

¬ INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CLASS

	31/12/2013						Total
	Valued at amortised cost		Valued at fair value				
	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	68,476	68,476					68,476
Amounts due from customers for production work	4,534	4,534					4,534
Cash and cash equivalents	47,149	47,149					47,149
Other long-term financial assets	541	541					541
Other short-term financial assets	811	811					811
Total							121,511
Available-for-sale financial assets							
Dividend-bearing securities			1,354	1,354			1,354
Total							0
Measured at fair value through profit or loss							
Dividend-bearing securities			120	120			120
Total							120
Financial liabilities							
Other financial liabilities							
Trade payables	21,780	21,780					21,780
Other short-term financial liabilities	1,250	1,250					1,250
Other long-term financial liabilities	573	573					573
Financial liabilities	27,739	27,739					27,739
Financial liabilities from subsequent purchase price payments			12,124			12,003	12,124
Total							**63,466**

1 Fair values were measured on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.
2 Fair values were measured on the basis of inputs other than quoted prices included within level 1 that are observable for the 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).

31/12/2012						
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]	
40,351	40,351					40,351
3,855	3,855					3,855
35,912	35,912					35,912
411	411					411
416	416					416
						80,945
		3,932	3,932			3,932
						3,932
		573	573			573
						573
19,835	19,835					19,835
685	685					685
		3,671			3,671	3,671
						24,191

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	Cashflows				
	31/12/2013	up to 1 month	of 1 to 3 months	from 3 months to 1 year	of 1 to 5 years	of more than 5 years
as of 31/12/2013	€ thsd.	€ thsd.	€ thsd.	€ thsd.	€ thsd.	€ 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		11.100
	63.466					

	Carrying amount	Cashflows				
	31/12/2012	up to 1 month	of 1 to 3 months	from 3 months to 1 year	of 1 to 5 years	of more than 5 years
as of 31/12/2012	€ thsd.	€ thsd.	€ thsd.	€ thsd.	€ thsd.	€ thsd.
Trade payables	19.835	18.124	1.602	109		
Other financial liabilities	685	685				
Financial liabilities from purchase price payments	3.671			1.622	2.049	
	24.191					

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. The liquidity risk is low; there are no risk concentrations in relation to liquidity risks.

The promissory note loan (»Schuldscheindarlehen«) of €25,000 thousand agreed on 27 November 2013 includes various covenants which may lead to the premature maturity of the loan. These covenants were met in full in 2013.

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 (2013 approximately 86%, 2012 approximately 89%), 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 England, Brazil and the USA. Sales through customers in Switzerland (corresponding to about 4% of total revenue, prev. year 5%), 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 (only Emagine Consulting Ltd.) (corresponding to about 4% of total revenue, prev. year 0%) are normally invoiced in UK pounds, which is the functional currency of this UK national company. As a result, no exchange rate risk is incurred.

¬ Revenue from clients in the USA (corresponding to about 4% 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. With the exception of financial year 2010, these currency conversion effects recognised directly in equity have only resulted in minimal amounts over the last few years (< €200 thousand). The development in financial year 2010 was mainly the result of the development of the Swiss franc. The risk for the GFT Group is that on deconsolidation of Group companies, the applicable currency translation difference is liquidated affecting net income.

There are no currencies that pose a significant risk to the Group. In the fiscal years 2013 and 2012 exchange rate hedging, e.g. through derivative financial instruments, was not necessary and was not carried out. Due to the low risk involved, no sensitivity analysis is conducted.

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 €70 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, the GFT Group regards the interest risk for securities in relation to interest income as insignificant (approximately €15 thousand to €20 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 2013 and 2012 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:

	31/12/2013 € thsd.	31/12/2012 € thsd.
Obligations from temporary rental, leasing and licensing contracts at nominal value:		
¬ due in the following year	3.816	3.961
¬ due in 2-4 years	5.537	5.723
¬ due in 5 or more years (excluding obligations unlimited in time)	2.315	2.525
	11.668	**12.209**
Annual obligations from open-ended rental contracts:	640	431

Payments under operating leases that are recorded as expense in the period under review total €7,351 thousand (prior year €6,007 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 at 31 December 2013. Operating leases for vehicles and office equipment have terms of between 3 and 7 years. Agreements usually terminate automatically at the end of the term of the agreement.

Order commitments for intangible assets as of 31 December 2013 amount to €24 thousand (prev. year: €0 thousand). Order commitments for property, plant and equipment amount to €42 thousand (prev. year: €1,900 thousand). The commitment for property, plant and equipment in the previous year referred to the purchase of an administration building.

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 Mrs. Maria Dietz, an authorised signatory of GFT AG. Ulrich Dietz and Maria Dietz have informed the company that they held 29.94% and 9.67% of voting rights in GFT Technologies AG, respectively, as at 1 April 2002. As at 31 December 2013, Ulrich Dietz holds 28.08% (prev. year: 28.08%) and Maria Dietz 9.68% (prev. year: 9.68%) of GFT shares. There were no other relationships or transactions above and beyond the existing employment relationships with the individuals mentioned above during the financial year 2013 as well as during the financial year 2012.

Management in key positions

In the 2011 financial year, Executive Board member Marika Lulay owned one share in the subsidiary GFT Technologies (Switzerland) AG, Opfikon / Switzerland.

In financial year 2012, she held this share in trust for GFT Technologies AG, Stuttgart until 10 May 2012. In accordance with a shareholder resolution of 10 May 2012, the share was transferred to GFT Technologies AG, Stuttgart.

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 2013, services procured from eQuadriga Software Private Limited amounted to a total of €80 thousand (prev. year: €103 thousand); the services were invoiced at customary market conditions. As at 31 December 2013, trade payables include liabilities due to eQuadriga Software Private Limited of €6 thousand (prev. year: €9 thousand).

There was no exchange of services with Youdress GmbH, Stuttgart, in the financial year 2013. The company was sold on 2 April 2013.

34. Executive bodies of the parent company

Executive Board

Ulrich Dietz, Chairman of the Executive Board (Chief Executive Officer), responsible for the corporate functions Strategy, Technology and Infrastructure, Marketing, Media and Investor Relations

External mandates
- Deutsche Bank AG, Stuttgart, Germany *(Advisory Committee)*
- Business advisory board of Baden-Württemberg International, Germany *(Chair)*

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

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

Group mandates
- GFT Iberia Holding, S.A., S.U., Spain *(Deputy Chair)*
- GFT IT Consulting S.L., S.U., Spain *(Deputy Chair)*
- GFT Appverse S.L., S.U., Spain *(Deputy Chair)*
- GFT Software Factory S.L., S.U., Spain *(Deputy Chairy)*
- GFT Brasil Consultoria Inforática Ltda., Brazil *(Chair)*
- GFT Technologies (Switzerland) AG, Switzerland *(Chair)*
- GFT Financial Solutions AG, Switzerland *(Chair)*
- GFT Italia S.r.l., Italy *(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., S.U., Spain
- GFT Appverse S.L., S.U., Spain
- GFT Software Factory S.L., S.U., Spain
- GFT Holding Italy s.r.l, Italy
- GFT Italia S.r.l., Italy

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

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Total remuneration for the Executive Board for the 2013 fiscal year amounted to €2,679 thousand (prev. year: €2,284 thousand); of this total, an amount of €1,549 thousand is disclosed as short-term provisions as of 31 December 2013. 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

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

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

External mandates

- Pago eTransaction GmbH, Cologne, Germany

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

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

External mandates

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

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

External mandates

- alfabet AG, Berlin, Germany *(Deputy Chair until 30 July 2013)*
- Software AG, Darmstadt, Germany *(Chair)*

Total remuneration for the Supervisory Board for the 2013 fiscal year amounted to €83 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 2013.

Total remuneration for the Advisory Committee for the 2013 fiscal year amounted to €40 thousand (prev. year: €59 thousand) and is disclosed as a current liability as of 31 December 2013. 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 2013.

35. Employees

In the 2013 financial year there were 1,790 employees on average, compared to 1,368 in 2012. The figures per region were as follows:

	31/12/2013	31/12/2012
Germany	283	277
Brazil	155	140
France	19	17
UK	41	33
Switzerland	41	48
Spain	1.007	832
Italy	221	0
USA	23	21
Average number of employees	**1,790**	**1,368**

The number of employees at year-end amounted to 2,111 (prev. year: 1,386).

36. Auditing fees

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

	2013 € thsd.	2012 € thsd.
Auditing of financial statements	162	155
Other certification services	25	21
Other services	57	0
	244	**176**

37. Events after the balance sheet date

No significant events have occurred during the year up to 24 March 2014 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)

GFT AG received notification on 21 January 2014 from LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, regarding an equity stakeholding, the text of which was as follows:

"On 21 January 2014, LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, Germany, informed us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its voting rights in GFT Technologies Aktiengesellschaft, Stuttgart, Germany, fell below the 5% threshold on 20 January 2014 and on this day amounted to 4.91% (corresponding to 1,292,230 of a total 26,325,946 voting rights). Of this total, 4.79% (1,261,730 voting rights) are attributable to LBBW Asset Management Investmentgesellschaft mbH pursuant to Section 22 (1) Sentence 1 No. 6 WpHG. Voting rights are attributed to LBBW Asset Management Investmentgesellschaft mbH from the following shareholders, whose voting rights in GFT Technologies AG amount to 3% or more:
¬ "Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte"

GFT AG received notification on 30 October 2013 from LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, regarding an equity stakeholding, the text of which was as follows:

"On 30 October 2013, LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, Germany, informed us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its voting rights in GFT Technologies Aktiengesellschaft, Stuttgart, Germany, exceeded the 5% threshold on 25 October 2013 and on this day amounted to 5.002% (corresponding to 1,316,730 of a total 26,325,946 voting rights). Of this total, 4.91% (1,291,730 voting rights) are attributable to LBBW Asset Management Investmentgesellschaft mbH pursuant to Section 22 (1) Sentence 1 No. 6 WpHG. Voting rights are attributed to LBBW Asset Management Investmentgesellschaft mbH from the following shareholders, whose voting rights in GFT Technologies AG amount to 3% or more:
¬ "Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte"

GFT AG received notification on 31 March 2009 from Dr Markus Kerber regarding an equity stakeholding, the text of which was as follows:

"In his communication dated 31 March 2009, pursuant to Section 21 (1) of the German Securities Trading Act, Dr Markus Kerber, Germany, informed us that, with effect from 27 March 2009, his voting rights in GFT Technologies AG exceeded the 5% threshold and as at this date stood at 5.00003% (1,316,304 voting rights)."

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

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

¬ Issuance of the Statement on the German Corporate Governance Code pursuant to Section 161 AktG

On 16 December 2013, 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 as at 18 December 2013.

Stuttgart, 24 March 2014
GFT Technologies Aktiengesellschaft

¬ The Executive Board

Ulrich Dietz	Jean-François Bodin	Marika Lulay	Dr Jochen Ruetz
Executive Board (Chair)	Executive Board	Executive Board	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 2014
GFT Technologies Aktiengesellschaft

¬ Der Vorstand

Ulrich Dietz	**Jean-François Bodin**	**Marika Lulay**	**Dr Jochen Ruetz**
Executive Board (Chair)	Executive Board	Executive Board	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, 2013. 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 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Original German version signed by:

Schwebler
Wirtschaftsprüfer

Bauer
Wirtschaftsprüfer

¬ c.3.4

¬ c. 3.4

Annual Financial Statements of GFT Technologies AG

(excerpt)

¬ BALANCE SHEET ACC. TO HGB

as at 31 December 2013
GFT Technologies Aktiengesellschaft, Stuttgart

¬ Assets

	31/12/2013 €	31/12/2012 €
A. Non-current assets		
I. Intangible assets		
1. Licences, industrial property rights and similar rights and values	339,977.00	159,613.00
	339,977.00	**159,613.00**
II. Tangible assets		
1. Other equipment, office and factory equipment	1,484,195.91	920,186.13
2. Prepaid expenses	0.00	10,000.00
	1,484,195.91	**930,186.13**
III. Financial assets		
1. Shares in affiliated companies	31,148,066.72	26,166,238.23
2. Investments	86,697.86	86,697.86
3. Securities of non-current assets	119,814.34	3,151,201.40
	31,354,578.92	**29,404,137.49**
	33,178,751.83	**30,493,936.62**
B. Current assets		
I. Inventories		
Work in progress	7,056,071.38	1,351,555.67
II. Receivables and other current assets		
1. Trade receivables	6,920,340.18	5,837,476.49
2. Receivables from affiliated companies	37,969,135.57	10,554,902.91
3. Other assets	981,224.52	926,390.32
	45,870,700.27	**17,318,769.72**
III. Securities		
Other securities	1,301,800.00	1,316,100.00
IV. Cash balance, cash at banks	19,879,306.33	16,891,765.09
	74,107,877.98	36,878,190.48
C. Deferred tax assets	457,458.03	557,641.43
	107,744,087.84	**67,929,768.53**

¬ Shareholders' equity and liabilities

		31/12/2013 €	31/12/2012 €
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	19,149,591.97	15,149,591.97
IV.	Net earnings	11,419,019.17	9,503,000.91
		59,639,599.50	**53,723,581.24**
B.	**Provisions**		
	1. Provisions for pensions	693,750.00	725,519.00
	2. Provisions for taxation	94,100.00	125,705.54
	3. Other provisions	8,195,229.23	5,939,337.81
		8,983,079.23	**6,790,562.35**
C.	**Liabilities**		
	1. Bank liabilities	25,000,002.10	0.00
	2. Advance payments on orders	7,423,891.16	2,170,989.68
	3. Trade liabilities	2,259,504.46	1,866,603.56
	4. Liabilities to affiliated companies	3,128,277.09	2,821,535.27
	5. Liabilities to participations	5,966.50	9,540.00
	6. Other liabilities	1,303,767.80	546,956.43
		39,121,409.11	**7,415,624.94**
		107,744,087.84	**67,929,768.53**

¬ INCOME STATEMENT ACC. TO HGB

as at 31 December 2013
GFT Technologies Aktiengesellschaft, Stuttgart

	2013 €	2012 €
1. Revenue	37,002,647.72	36,350,424.73
2. Change in inventories of work in progress	5,704,515.71	505,314.10
3. Other operating income		
¬ income from currency conversion	27,076.97	8,809.69
¬ other	11,968,889.95	9,997,727.37
	11,995,966.92	10,006,537.06
	54,703,130.35	46,862,275.89
4. Cost of materials		
a) Cost of purchased goods	280.03	972.75
b) Costs of purchased services	21,445,501.23	19,331,317.20
	21,445,781.26	19,332,289.95
5. Personnel expenses		
a) Salaries and wages	20,924,105.14	17,825,414.70
b) Social security and expenditures for retirement pensions		2,191,149.98
¬ of which for retirement pensions € 31,145.77 (prev. year € 23,228.42)	2,398,657.99	
	23,322,763.13	**20,016,564.68**
6. Depreciation on intangible assets and tangible assets	572,700.07	671,389.75
7. Other operating expenses		
¬ income from currency conversion	53,425.09	220,694.01
¬ other	10,282,448.48	9,500,493.18
	10,335,873.57	9,721,187.19
	−973,987.68	−2,879,155.68
8. Expenses from profit transfer agreements	−55,842.73	1,288,586.40
9. Tax sharing payments from subsidiaries	12,300.00	200,132.00
10. Income from investments	10,764,069.99	8,884,314.00
¬ of which from affiliated companies € 10,764,069.99 (prev. year € 8,884,314.00)		
11. Income from other securities of financial assets	60,488.47	229,482.20
12. Other interest and similar income	285,204.43	237,647.40
¬ of which from affiliated companies € 109,610.31 (prev. year € 91,043.20)		
	285,204.43	237,647.40
13. Depreciation on financial assets and on securities classified as current assets	23,535.67	103,036.03

	2013 €	2012 €
14. Interest and similar expenses		
¬ of which from affiliated companies € 16,262.45 (prev. year € 37,971.30)		
¬ Expenses from deduction of accrued interest	148,309.19	83,515.00
¬ other	59,616.58	38,945.99
	207,925.77	122,460.99
Financial result	10,834,758.72	10,614,664.98
15. Result from ordinary business activities	9,860,771.04	7,735,509.30
16. Taxes on income	−12,456.70	−5,485.82
17. Other taxes	8,317.58	7,102.52
18. Net income	9,864,910.16	7,733,892.60
19. Loss carried forward from previous year	5,554,109.01	4,269,108.31
20. Allocations to retained earnings		
¬ to other retained earnings	−4,000,000.00	−2,500,000.00
21. Net earnings	**11,419,019.17**	**9,503,000.91**

¬ FINANCIAL CALENDER

2014

08. day May month ´14 year	27. day May month ´14 year	07. day August month ´14 year	06. day November month ´14 year
Quarterly Financial Report *as of 31 March 2014*	**Annual General Meeting**	**Quarterly Financial Report** *as of 30 June 2014*	**Quarterly Financial Report** *as of 30 September 2014*

¬ 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 2013 is also available in German. The online versions of the German and English Reports are available on www.gft.com/ir.

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¬ KEY FIGURES ACCORDING TO IFRS

		2013	2012	2011	Continued operations 2010	Continued operations 2009
Income statement						
Revenue	€m	264.29	230.69	272.38	248.26	216.81
Earnings before interest, tax, depreciation and amortisation (EBITDA)	€m	20.49	13.35	11.84	12.05	8.54
Earnings before interest and taxes (EBIT)	€m	17.66	11.79	10.49	10.88	7.34
Earnings before taxes (EBT)	€m	17.52	12.11	11.05	11.55	7.86
Net income	€m	13.63	8.34	8.29	8.25	6.19
Balance sheet[1]						
Non-current assets	€m	80.64	44.98 *	45.35	29.49	29.77
Cash, cash equivalents and securities	€m	48.63	40.42	39.68	40.32	37.71
Other current assets	€m	77.11	47.08	53.25	58.77	43.85
ASSETS	€m	206.38	132.48 *	138.28	128.58	113.38
Non-current liabilities	€m	48.46	7.22 *	8.59	2.09	1.94
Current liabilities	€m	70.77	47.06	54.07	55.22	44.02
Shareholders' equity and liabilities	€m	87.15	78.21 *	75.62	71.27	65.75
LIABILITIES	€m	206.38	132.48 *	138.28	128.58	113.38
Equity ratio	%	42	59 *	55	55	58
Cash flow[2]						
Cash flow from operating activities	€m	7.44	5.61	12.35	7.31	6.57
Cash flow from investing activities	€m	−16.84	1.75	2.28	−14.65	−0.75
Cash flow from financing activities	€m	20.86	−3.95	−3.95	−2.63	−2.63
Employees						
Employees (absolute figures as of 31 December)	no.	2.111	1.386	1.337	1.300	1.096
Share						
Earnings per share	€	0.52	0.32	0.31	0.31	0.31

1 In accordance with IFRS 5 regulations, the balance sheet figures for 2009 include the discontinued operation »Software«.
2 According to IFRS 5 the discontinued operations (segment »Software«) are included in all cash flow figures (2008-2010).
** Adjusted, see section 15 in the Notes to the Consolidated Financial Statements*