GFT – Partner for smart IT solutions

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Executive Board's Letter to the Shareholders

Ladies and Gentlemen,

The 2001 financial year was one of the hardest in GFT's 15-year history. The recessive economic trend and the dramatic weakening of the IT market in particular, which occurred very rapidly, had a major effect on our financial result and presented us with significant challenges.

After many years of strong organic growth, we used the weakness of the economy in 2001 to make strategic acquisitions. This has had a positive effect on our business performance and means that we are able to show revenues of € 147.86m for the new group. Given a flat turnover trend in the old group the personnel costs rose considerably due to the further growth which was originally planned. Thus GFT had to report a loss for the first time since breaking into profit in 1994. We therefore initiated at short notice and in consistent fashion extensive measures to reduce costs throughout the group and to increase capacity utilization. Although a positive turnaround was recorded in the third and fourth quarters, at the end of the year the deficit for the new group amounted to € –2.28m.

However, our aim was not simply to limit damage in the short-term, but above all to use the past year to position the company as optimally as possible in a competitive international market, and to make positive preparations for an economic recovery.
The efforts we made to this end include our participation in the German-American trend consultancy CScout Inc. and our new offices in Barcelona, Basel, Berlin, Bern, London, Madrid, Valencia and Zaragoza. Through the merger of GFT Pixelfactory GmbH with GFT AG, we furthered the process of integration within the business group, pushed ahead with our positioning as an efficient service provider of integrated IT consulting and system integration, and cut back on uneconomical administrative structures.

The highpoint of last year was without doubt GFT's merger with the Emagine Group. This enabled us to develop considerably not only




our technical expertise but also – through four extra offices in Spain – our European presence. With Deutsche Bank as a second strategic partner besides Deutsche Post, we realized a unique participation model which unites the strengths of two major international groups with those of an innovative entrepreneurial company.

The IT industry has been repeatedly characterized by downturns which were always followed by clear economic revivals. GFT reacted rapidly and effectively to the IT market situation. The cost savings program is having positive effects and enables management on a solid financial basis. This provides us with confidence that in the ongoing year we will again be able to considerably improve our profitability. With our longstanding first-class clients, our technological expertise and the potential of committed employees, we are well placed to master future challenges and to profit from the next upturn in the economy.

We wish to thank you for remaining faithful to us in the past year: our employees for their personal commitment and our investors for their confidence in our long-term prospects.

Yours sincerely

Ulrich Dietz
Chief Executive Officer

Dear shareholders,

In the period under review the Supervisory Board has carried out the tasks required of it by law and by the company's articles of association. It monitored and advised the company's management. The basis for this activity were the four ordinary meetings of the Supervisory Board on March 21, 2001, May 21, 2001, August 10, 2001 and November 8, 2001. In addition, an extraordinary meeting was held on June 12, 2001 at which the merger of the GFT Group and the Emagine Group was discussed. During these meetings the Executive Board presented quarterly statements and provided detailed reports of business development, the company's economic position and its financial and investment planning. In addition, all measures the Supervisory Board needed to be informed of, or for which its consent was required, were discussed and supervised by the committee. Outside these meetings, the Executive Board also regularly informed the Supervisory Board chairman in writing and in individual conversations about significant business procedures and decisions.

In the first half of the year the discussions were affected by the merger of the GFT Group with the Emagine Group. In the second half of the year, discussions focused in particular on the increasingly deteriorating market situation. The declining readiness to invest in technology solutions significantly encumbered the development of GFT's revenues and results. On August 10, 2001 the Executive Board presented the Supervisory Board with an extensive cost reduction program. The Supervisory Board encouraged the Executive Board to implement this rapidly.

At the annual general meeting held on May 22, 2001 in Stuttgart Dr. Martin Raab was elected to succeed Mr. Bert Alexander Schwank on the Supervisory Board. When Dr. Raab left Deutsche Post, whose interests he had represented, he resigned his Supervisory Board mandate with effect as of August 31, 2001. The Supervisory Board thanks both Mr. Schwank and Mr. Raab for their commitment to the company.

At the Supervisory Board's meeting of August 10, 2001 Mr. Roland Härtner was unanimously elected to the Executive Board, with effect as of September 1, 2001.

The annual financial statements, the group annual financial statements, the management report and the group management report for the period from January 1 to December 31, 2001 were audited by the auditing firm Grant Thornton GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, on behalf of the Supervisory Board and were given unqualified audit certificates.

The Supervisory Board audited the annual financial statements, group financial statements, the management report and the group management report, discussed these at the meeting on March 20, 2002 with the qualified auditors present at this meeting and with the members of the Executive Board, and approved them. The annual financial statements have thus been passed. The Executive Board proposes that no dividend be issued and that the balance sheet loss be carried forward. The Supervisory Board supports this proposal.

In 2002 the Supervisory Board and the Executive Board expect a slow recovery for the IT market. The Supervisory Board is therefore supporting the efforts of the company's management to take further measures to improve the company's results and guarantee the company's competitiveness in the current difficult market environment.

The Supervisory Board thanks the Executive Board and all the GFT Group's employees for their commitment, performance and solidarity in this difficult financial year.

St. Georgen, March 20, 2002

Franz Niedermaier
Chairman of the Supervisory Board

The GFT Share

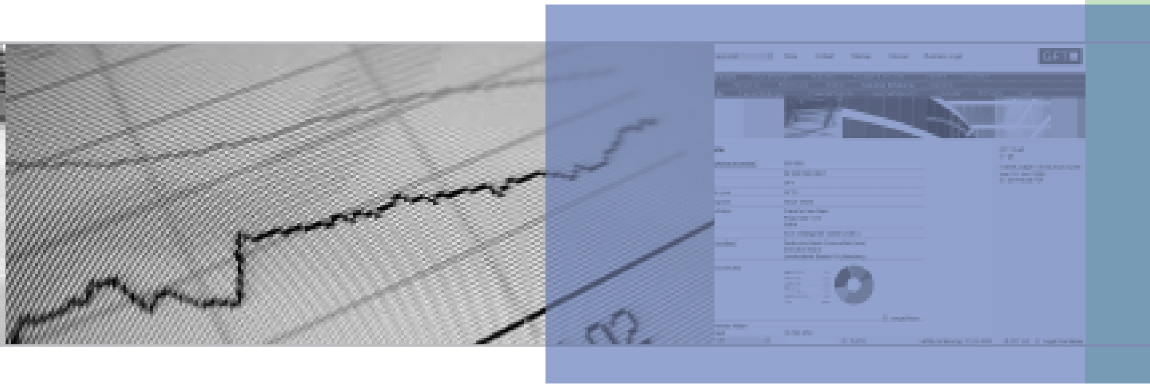
Development of capital market disappointing

Development of the Share

The overall economic decline and the steadily worsening economic situation made a deep impact on the development of the capital markets in the 2001 financial year. The markets reacted extremely nervously to the bleak projections and profit warnings from the USA and ultimately to the terrorist attacks on September 11. The investors found this trend extremely disappointing as a whole. All the important share price indices worldwide fell in value in the course of the year. The ones particularly affected were the technology-laden indices such as the NASDAQ 100, which had to shed a total of 32 % of its value, and the NEMAX 50, which fell by 60 % in value. After touching a record high of 9,631 points in March 2000, the NEMAX 50 fell to an all-time low of 1,061 points in July 2001 – this corresponds to a loss in value of nearly 90 %. In the same period the DAX fell by almost 25 % of its value.

The GFT share did not remain unaffected by this extremely unsatisfactory development. It began the 2001 financial year at € 39.00. The share suffered a continuous decline in price from February, and the downswing ended temporarily on March 29 with the share listed at € 7.30. With this, for the first time since our initial public offering, our share was listed below the issuing price of € 7.67. The share managed to rally by € 19 in the following weeks but recorded further steady fall in price by € 5 and € 6 starting from June and registered an all-time low of € 3.25 on September 21 in connection with the reactions of the capital markets to the terrorist attacks in the USA. By the end of November the price of the GFT share doubled in value once again to € 7 at times and closed the year with a pricing of € 5.09.

Neither our investors nor our employees were pleased with this negative trend. The downslide in equity prices in the course of the past year was largely due to the fact that the overall uncertain market situation prompted the major funds to withdraw, primarily from the technology stocks in the Neuer Markt. As before, the GFT Management is convinced about the long-term positive development of the company and the share. This is shown not least by the fact that the members of the



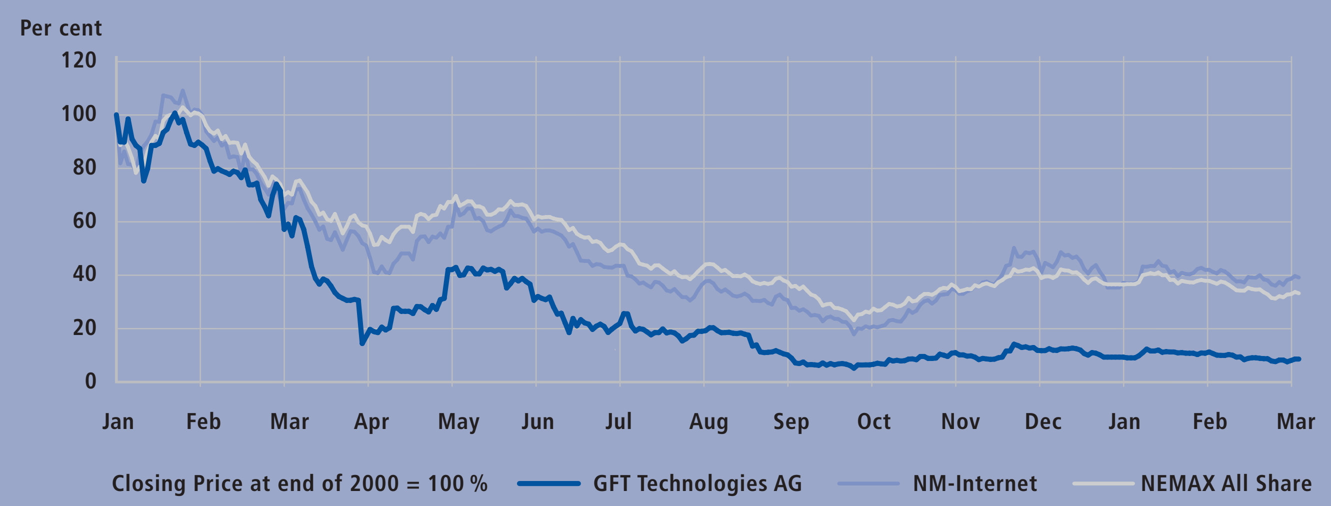
Executive Board repeatedly purchased share blocks in the financial year (see Directors' Dealings, page 70).

As compared to the previous year, in which the average trading volume amounted to 27,005 shares per day, the GFT share was traded more actively in the year 2001.

On an average, the trading volume increased to 44,727 shares per day.

In January and February of the current financial year, the closing price of the GFT share at a low trading volume was ranging from an average of 12,631 shares per day to a solid base between € 4.50 and € 6.45.

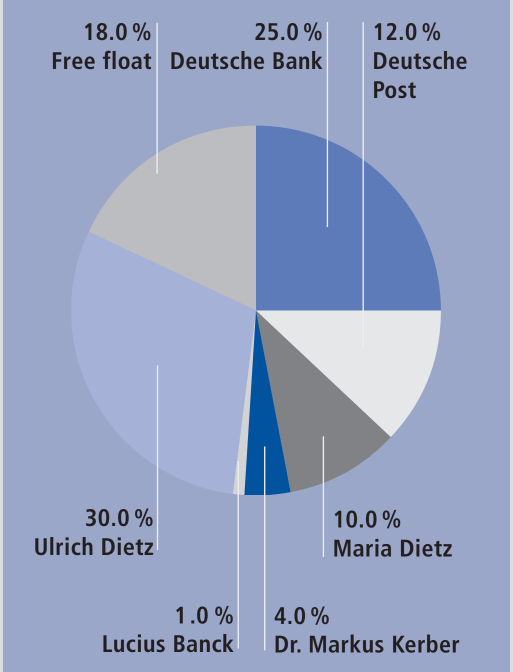
Development of Share Price 2001



Increase in Capital

Within the framework of the merger with Emagine in August 2001, GFT AG increased its share capital, out of the available authorized capital, from € 19,744,459 to € 26,325,946 under exclusion of subscription rights of shareholders in return for contribution in kind. 6,581,487 new shares were issued for this purpose. The ARGFRAN Beteiligungs Aktiengesellschaft, a subsidiary of the Deutsche Bank AG, contributed the emagine Germany GmbH and the emagine Iberia Consulting and Technology S.A. in return for the newly issued shares representing 25 % of the outstanding capital of the expanded group. The increase in capital was registered in the Commercial Register on February 20, 2002. The new shares, which have a freeze period of 18 months until August 2003, are not admitted for trading as yet.

Shareholder Structure



With this transaction, Deutsche Bank has now become another major shareholder in GFT along with Deutsche Post. GFT will build on this unique partnership model, which combines the strengths of the big international groups with those of an entrepreneurial high-tech company. With registration in the Commercial Register our shareholding structure has changed. As before, the founders of the company and the management hold the majority of the GFT shares. Ulrich Dietz continues to be the biggest shareholder in GFT with 30 %. The share of the Deutsche Post has been diluted from 16 % to 12 %; the free float from 23 % to 18 %.

Earnings per Share

On the basis of the reported group performance, the earnings per share according to DVFA/SG before goodwill amortization fell from € 0.24 in 2000 to € 0.09 in 2001. The Executive Board will propose to the annual general meeting that no dividends should be paid this year as well and that the balance sheet deficit should be carried forward to a new account.

Stock Options Program

The first tranche of the options program for our company's employees, introduced at the initial public offering in the summer of 1999, was due for the first time in November of the last financial year. The subscription rights however could not be exercised since the performance criterion had not been fulfilled. According to this, the average price of the GFT share should have been more than 40 % of the issuing price of € 7.67 in the phase under consideration.

Investor Relations

Our Investor Relations Department is endeavoring to ensure open and transparent communication regarding themes relevant to the capital market. Shareholders, analysts and investors interested in the company and the share can direct inquiries to the employees via telephone or e-mail. Apart from this, all the published information is updated and made easily accessible in the Investor Relations segment of the homepage.

In the financial year, the henceforth three-member IR team expanded its activities further, thereby meeting the increased requirements of the Deutsche Börse (German Stock Exchange) regarding the reporting obligation, as well as the heavier demands from private investors. Towards this end GFT also participated for the first time in two savings banks securities' exhibitions with the specific aim of coming into contact with and providing information to private investors. The participation in the two exhibitions met with an encouraging response.

In order to present our company development and strategy to investors and analysts, we once again participated in numerous investors' conferences hosted by renowned banks in the last year. These conferences were held in Barcelona, Cannes, London, Munich and New York. We also presented the company to people interested in the capital market during three road shows in Frankfurt and London. We are developing our contacts with finance analysts in particular through individual meetings; meanwhile, regular telephone conferences have also been established in connection with the publishing of the quarterly figures.

Prospects

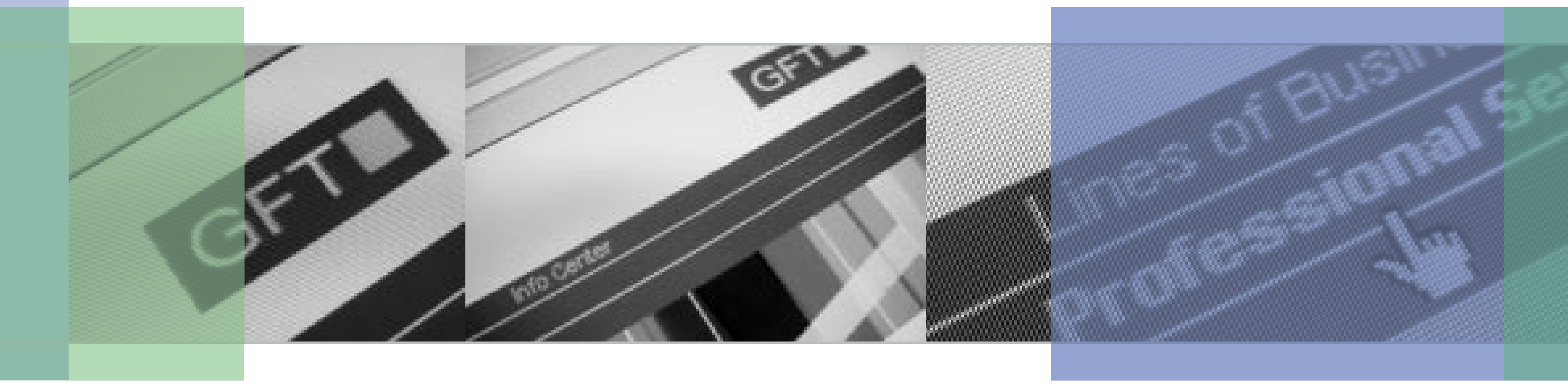
We will strive to do justice to the investors' confidence in the year 2002 as well and do our utmost to ensure a fair assessment of the company in order to make the GFT share an interesting prospect as a long-term investment. With this in mind we have already conducted a road show in London in the current financial year and have participated in investors' conferences in Frankfurt and Barcelona.

Performance of the GFT Share

(Share split taken into account)	**2001**	2000
Opening quotation at the beginning of the year	€ 39.00	€ 34.33
Closing price at the end of the year	€ 5.09	€ 42.20
Change in value of the GFT share	– 87 %	+23 %
Highest variable price	€ 44.00 (22/01/2001)	€ 91.67 (22/02/2000)
Lowest variable price	€ 3.48 (21/09/2001)	€ 29.00 (17/11, 5/12/2000)
Market capitalization as of 31/12	€ 100m.	€ 823m.

GFT Technologies Aktiengesellschaft, St. Georgen

Management Report and Group Management Report as of December 31, 2001



Development of the markets

The 2001 financial year was a very difficult one for GFT Technologies AG ('GFT AG') and the companies affiliated with it in the group. The recessive economic trend and the marked weakening of the IT market in particular, had a major effect on our operating result and presented us with significant challenges.

Overall economy: the economic crisis continues

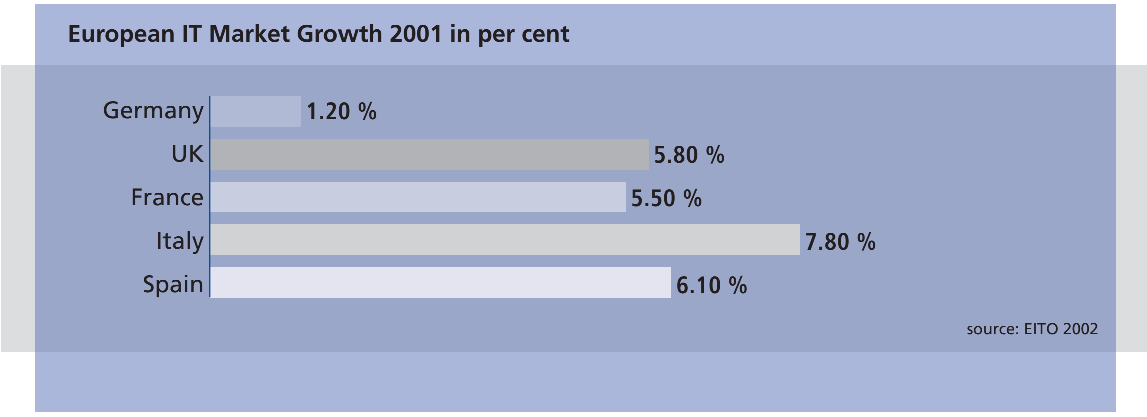
The world economic crisis, which began in the second half of 2000, continued last year. For the first time since the oil crisis at the start of the 1970s, USA, Japan and Germany have been simultaneously in recessions – i.e. suffering from falls in their real gross domestic products (GDP) – for at least two consecutive quarters. In the summer, the economy appeared to have reached its lowest point. However, the terror attacks of September 11, 2001 in the USA generated enormous political and economic insecurity worldwide, with the results that the expected economy recovery was stalled and the downswing in the European markets relevant for the GFT Group even accelerated. Thus in 2001 GDP growth as estimated by the Organisation for Economic Cooperation and Development (OECD) amounted in Germany to just 0.7 % (previous year 3.0 %), in Switzerland 1.7 % (previous year 3.0 %), in Spain 2.7 % (previous year 4.1 %), in England 2.3 % (previous year 2.9 %). The major decline in industrial production affected, not least, service providers close to companies.

Below-average growth for the German IT market

According to the latest study by the European Information Technology Observatory (EITO) published in February 2002, the western European IT market last year grew by 3.9 % to € 324 billion; this growth was mainly stimulated by IT services and software. In Germany, at 1.2 % growth was below average, compared to England (5.8 %) and Spain (6.1 %). Nonetheless, the importance of this sector for the German economy is constantly increasing. The revenues generated by infor-

mation technology and telecommunications as a proportion of German GDP was 6.8 % (previous year 5.7 %), according to the latest study by the German Federal Association for the Information, Telecommunications and New Media Industries (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V. = BITKOM).

The situation in the labor market also worsened increasingly throughout 2001 due to the overall economic slump. The German Federal Association for the Information, Telecommunications and New Media Industries (BITKOM) estimates that as little as 11,000 extra jobs were created in the software and IT services sector in Germany in the past year. In the two previous years the overall total was as much as 114,000.



Graphs and diagrams are for illustration only and are not part of the Management Report

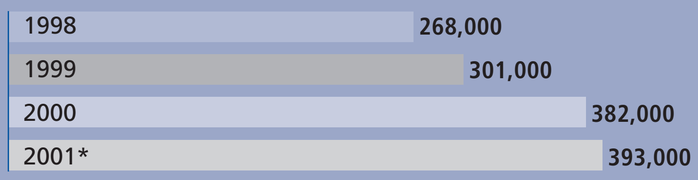
The 2001 financial year: in crisis, but ready for the upswing

Following the extreme growth of the last years and a similarly exaggerated downturn, we too believed that the market would recover during 2001. These hopes were crushed by the terror attacks of September 11, 2001 in the USA, if not before. The economic and political insecurity worsened and led to increasing restraint in consumption and investments, particularly those planned for IT projects. Right up until the middle of the year, we planned for expansion and growth, and developed and maintained personnel capacities in response to explicit client demand. Given a flat turnover trend and unusually high personnel costs, GFT was therefore unfortunately faced with a loss for the first time since breaking into profit in 1994.

In August, we therefore resolutely initiated an extensive program of measures to reduce costs throughout the group in the short-term and to increase capacity utilization:

- We adjusted our personnel capacities and had made over 100 employees redundant by December 2001.
- We limited our investments to the minimum necessary for operations.
- We drastically reduced our purchasing volume in all sectors.
- We concentrated our research and development on a few promising sectors.
- We optimized internal procedures and minimized our administrative expenses.

Employees in the Software and IT Services Sector



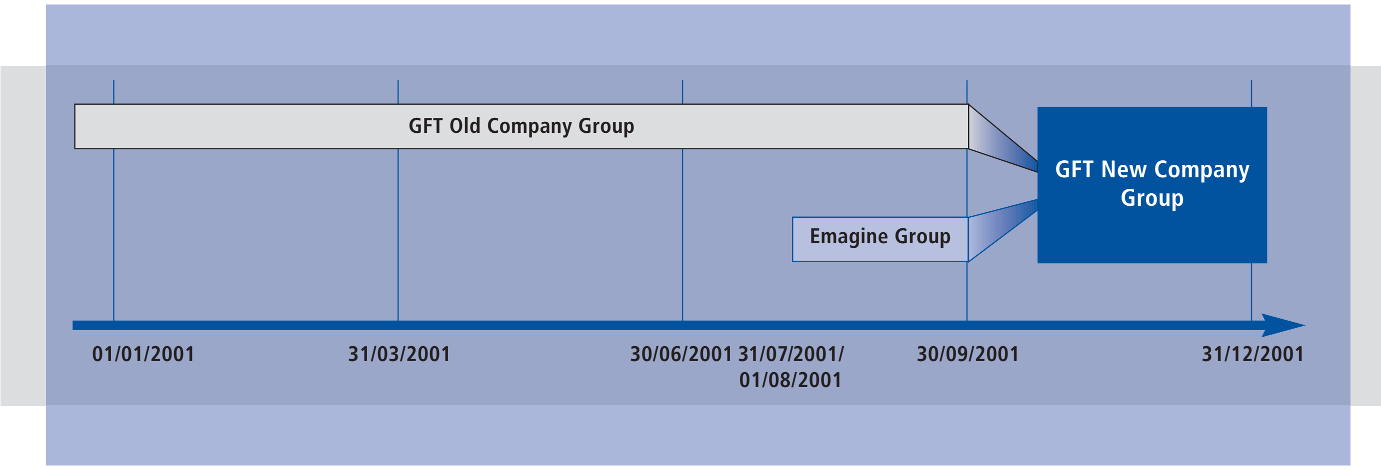
Source: BITKOM; Federal Authority for Statistics * estimated

However, our aim was not simply damage limitation in the short-term, but also to use the events of the past year so as to position the company as well as possible in an extremely competitive market, and to make optimal preparations for an economic recovery:

- With a 25.1 % strategic participation in the German-American trend consultancy CScout Inc., New York, we expanded the GFT Group's range of services to include market and trend research.
- Through the merger with the Emagine Group we further expanded our strong position in Europe and positioned ourselves as one of the leading providers of integrated IT solutions. We gained Deutsche Bank as a further strategic partner and shareholder, securing ourselves a considerable future revenues volume with this major client.
- With new offices in Berlin, Barcelona, Basel, London, Madrid, Valencia and Zaragoza we further expanded our proximity to our clients and to political decision-makers and tapped new markets in a committed fashion.
- Through the merger of GFT Pixelfactory GmbH with GFT AG, we furthered the process of integration within the company group, pushed ahead with our positioning as an IT service provider, and cut back on uneconomical administrative structures.

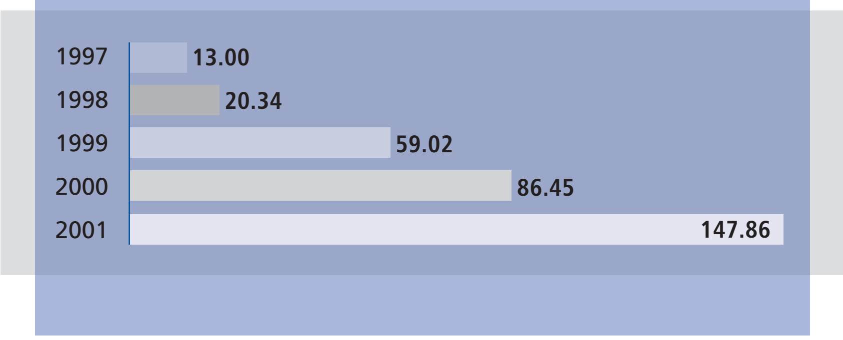
- With the closure of Emagine Solutions Inc. in the USA at the end of the year and the sale of SECUDE Sicherheitstechnologie Informationssysteme GmbH on December 19, 2001 – both subsidiaries of emagine Germany GmbH – we parted with unprofitable business sectors and tidied up our portfolio.

The merger with the Emagine Group has had a positive effect on the group's balance sheet. This is readily apparent from a comparison of the old consolidated group (old GFT Group or old group) with the new consolidated group (new GFT Group or new group). The new GFT Group contains the Emagine Group, which was consolidated from August 1, 2001 onwards. For the sake of transparency in presenting GFT AG's business performance, we have compared the earnings figures for the 2001 financial year with the adjusted figures for the previous year – if not stated otherwise. The column '2000 adjusted' anticipates the merger of GFT Pixelfactory GmbH with GFT AG, which occurred on January 1, 2001.
A comparison of the columns '2000 adjusted' and '2000' demonstrates the effects of the merger.



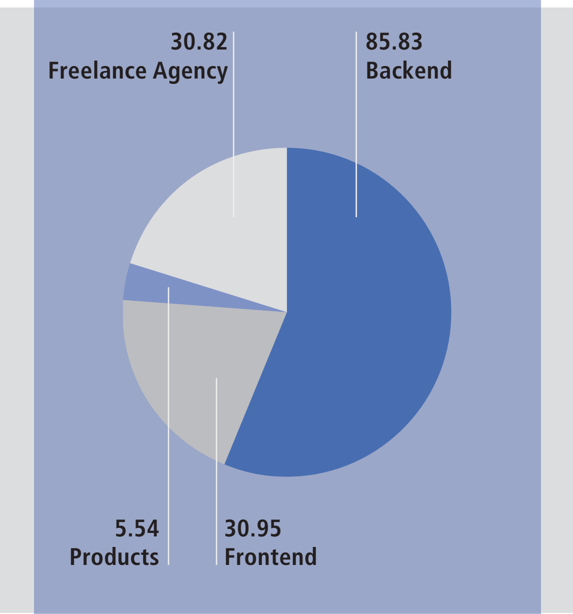
New GFT Group exceeds revenue goal with € 147.86m., revenues almost stable for old group and on the decline for GFT AG
In the period under review the new GFT Group exceeded its revenue goal of € 144m. and obtained revenues of € 147.86m.
This demonstrates the positive effects of the merger with the Emagine Group, given the fact that revenues declined both for the old GFT Group and for GFT AG. Whilst old group revenues decreased only slightly by 1.3 % to € 85.37m., GFT AG recorded a fall of 17.6 %, to € 39.75m. This trend reflected the collapse of the German IT economy over the course of the year. Almost without exception, all the major German companies have postponed or cut back on their IT expenditure

Development of Revenues of the GFT Group 1997-2001 in €m.



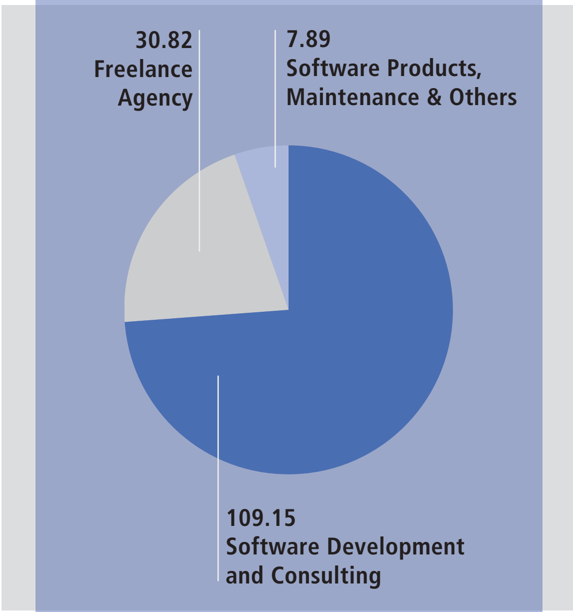
indefinitely, leading to disappointing revenues for GFT AG in particular. In contrast to the market trend, in the third quarter 2001 GFT was able to stabilize the turnover trend in both the group and in GFT AG and even improve it slightly in the fourth quarter 2001. The main reasons for this were our traditional good relations with our regular clients and our strengthened focus on the backend integration sector, which provided € 85.83m. of turnover as compared to € 60.64m. Particularly negative was the performance of the Business Design division within the frontend segment providing revenues of € 30.95m. compared to € 30.16m. in the previous year.

Revenues of the GFT Group According to Segments in €m.



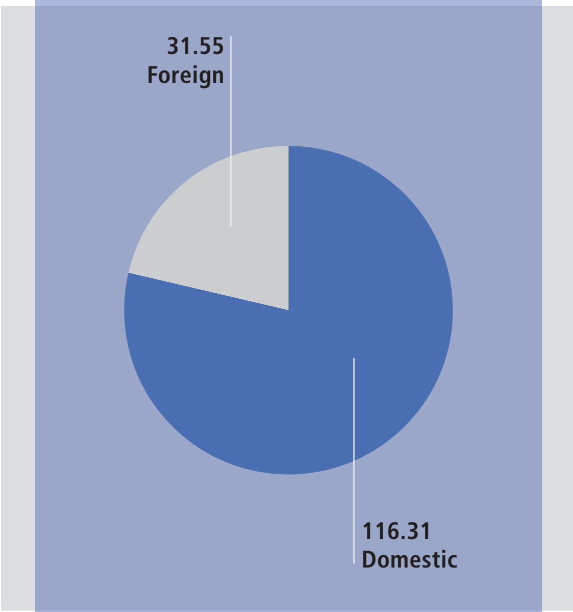
Three quarters of revenues from consulting and software development

Revenues of the GFT Group According to Fields of Operation in €m.

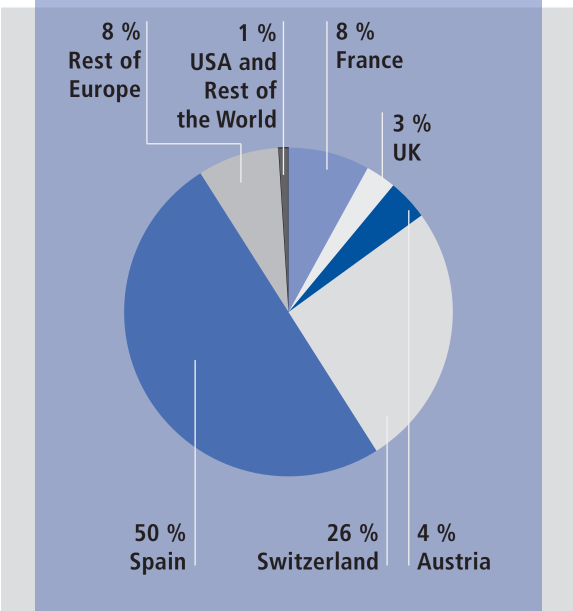


As in the past few years, GFT's largest revenue share was generated by the consulting and software development sector. In the new group, this provided approx. € 109.15m. or 74 %. Apart from this core business, we made considerable revenues by placing freelance IT specialists. The Freelance Agency we obtained through the merger with the Emagine Group gained a revenue share of 21 %, at € 30.82m. The remaining € 7.89m. or 5 % of turnover came from the sale of software products, maintenance and other revenues (particularly training and passed-on travel costs). In the old group and in GFT AG, the ratio between product and project business shifted towards the latter by one percentage point, which is attributable to the difficult sales situation for standardized software.

Domestic and Foreign Revenues of the GFT Group in €m.



Foreign Revenues of the GFT Group in per cent



21 % of the new group's revenues are foreign-based

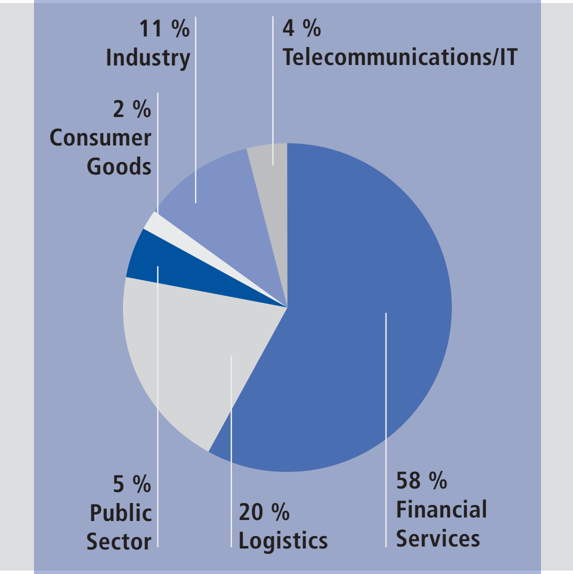
Last year the GFT Group developed its international profile and sustained it – not least through the merger with the Emagine Group. Thus far this has only been reflected in a limited fashion in the revenues structure. Thus in the new group, 78.66 % of revenues were attributable to the German domestic market, 10.73 % to Spain, 5.62 % to Switzerland, 4.73 % to other European countries and 0.26 % to the USA and the rest of the world. At approx. 21 %, there was therefore no change on the previous year in the level of international business as a proportion of the group's revenues. The revenues provided by the recently added GFT Iberia – which was only consolidated for five months – compensates the lack, in 2001, of revenues recorded by GFT AG in the previous year, with a large-scale project in London which has since been completed. Within the parent company, for 2001 we have recorded a foreign revenue proportion of just 4 % – an indication of the fact that we consistently transfer to our foreign subsidiaries revenues generated by foreign-based clients.

Expansion of sector focus on financial and logistics service providers

When revenues are subdivided into sectors, it is clear that the change in the consolidated group is having a long-term effect. As the Emagine Group was almost exclusively active in the financial service providers sector, the new group's commitment in this sector increased to 58 %, a higher than normal increase of 20.5 percentage points. A fifth of turnover was generated by logistics service providers (-8.5 percentage points) and 11 % by industrial companies (-5.5 percentage points). In the public administration sector, whose share of revenues rose by two percentage points to 5 %, the rising demand for secure e-Government solutions is apparent.

In the consumer goods sector, on the other hand, which collapsed from 9 % to 2 %, the weak economy and associated investment restraint are reflected.

Revenues of the GFT Group by Industries



57 per cent of revenues generated through Deutsche Bank and Deutsche Post

The distribution of group revenues was also reflected in the solid base of regular clients which are well-known major companies. In the period under review, the ten largest clients provided 70 % of revenues, whilst 57 % of total turnover was attributable to business with our two main clients. Through our merger with Deutsche Bank's IT subsidiaries, we clearly expanded our business relations with this strategic client and partner: at € 64.21m., this represented 43.43 % of overall revenues. In the previous year this revenue share amounted to 26.6 %. With Deutsche Post we recorded a relatively stable turnover compared to the previous year, at € 20.01m. (previous year € 21.88m.). This roughly amounts to a halving of the proportion of total turnover, from 25 % in the previous year to 13.53 %.

GFT AG's stock of work in progress increased by € (k) 975. This item represents expenses which have not yet been settled and which relate to fixed-price projects for our clients.

Total output stable for old group, on the decline for GFT AG

The new group recorded a total output of € 147.86m. Whilst the total output for the old group remained almost unchanged at € 85.37m., that of GFT AG fell by 15 % to € 40.72m., with declining revenues and increased stocks of work in progress.

In the new group the other operating income amounted to € 4.29m., a large part of this stemming from the repayment of Emagine Solutions Inc.'s losses when this company formed part of the group in the 2001 financial year. Further individual items were mainly payments in kind from private use of vehicles and income from litigations of the previous year. The old group recorded other operating income of € 1.55m., € (k) 245 more than in the previous year. In GFT AG the other operating income more than doubled, from € (k) 643 to approx. € 1.4m. In GFT AG, the largest individual items here were payments in kind from private use of vehicles, income from revocation of a profit transfer agreement, commissions and intermediation contracts and payments from the reduction of provisions for specific doubtful debts.

Reduced material expenditure for GFT AG, high material expenditure in the new group

In the new group the costs of goods and of services purchased amounted to € 57.37m. In the old group this item remained almost constant relative to the previous year, at € 22.08m. These expenses are significantly higher as a proportion of turnover in the new group (39 %) than in the old group (26 %). Here the freelance employees we

place via the Freelance Agency are making themselves felt. In addition, a relatively high proportion of the Spanish subsidiary's production is carried out by subcontractors with the status of freelance employees. In the period under review, on average 264 freelance employees were working on our projects in the new group and 137 in the old group. The Freelance Agency employed an average of 400 freelance employees.
In GFT AG, costs of goods and services purchased were reduced by 38 %, from € 12.1m. to € 7.5m. At around 19 %, these were significantly more positive as a proportion of turnover than for the group as a whole. This is especially attributable to a reduction in the number of freelance employees and thus to a shift in output from permanent to freelance employees. Thus GFT AG had an annual average of 40 freelance employees. In 2000, together with GFT Pixelfactory it had an annual average of as many as 57 freelance employees.

Increased personnel expenditure relative to revenues

Personnel expenses in the new group amounts to € 65.06m., corresponding to 44 % of total turnover. Both in the new group and in GFT AG personnel expenses clearly increased relative to revenues. In the old group, personnel expenditure rose by 28.71 % to € 46.52m., whilst as a proportion of turnover this correspondingly increased from 41.80 % to 54.49 %. In GFT AG, personnel expenditure increased by a third from € 19.93m. to € 26.70m., amounting to 65.6 % of total output. This rise was concomitant with a higher than usual increase in the number of employees, relative to the revenues in the first half of the year. Thus as an annual average, the new group had 980 employees (previous year 562). Had the Emagine Group been part of the GFT Group for the whole year 2001, the group would have employed 1,364 people as an annual average. GFT AG had 418 (previous year 253) employees on average. The adjustments made to personnel capacity, in line with the fall in demand and revenues in the second half of the year, were not only a cost-intensive, but also a painful process for a company previously characterized by growth. The development of capacity during the first half of the year and the reduction of personnel which got underway in the second half of the year, together with all the expenses associated with this, had a negative effect on the profit and loss statement.

If one considers the costs of services purchased and personnel expenses in GFT AG, it is clear that the former were reduced to a disproportionately large extent, relative to the decline in revenues, whilst the rise in expenditure on permanent employees in 2001 represented one of the main factors in the negative performance.

The reduction in personnel in the second half of the year led to a fall of 63 in the number of employees in the old group, from 726 as of December 31, 2000 to 663 as of December 31, 2001. In GFT AG, on the other hand, this number hardly changed, with 350 at the end of the year, compared to 344 at the same point in the previous year. As of December 31, 2001, the new group had a total of 1,337 employees – 611 employees more than at the same point in the previous year.

Focused research and development activities

Expenditure on research and development, which consists almost exclusively of personnel expenses, amounted in the new group to € 2.68m., an increase of a third relative to the previous year, with € 2.15m. in the old group. This is mainly attributable to the addition of Emagine Group's product sector. In the fourth quarter, we greatly reduced costs in this area and concentrated our activities on four central technological sectors: Customer Relationship Management, Enterprise Portals, Enterprise Application Integration and Security Solutions. The IT downturn of 2001 was characterized worldwide by small and medium-sized product suppliers being largely crowded out by major software houses. The GFT Group reacted to this huge trend, by focusing on solutions aspects of research and development efforts in particular, rather than offering the market standardized products.

Fall in productivity

The total cost of materials and personnel expenses amounted in the new group to € 122.43m. and thus contributed to gross earnings of € 25.42m., corresponding to a gross earnings proportion of 17.2 % relative to total output. The total cost of materials and personnel expenses rose by 17 % in the old group relative to the previous year. If this is compared to the total output which has remained nearly constant, then a clear fall in productivity is evident. At € 16.77m., gross earnings in the 2001 financial year amounted to only 20 % of total output, compared to € 27.93m. or 32 % in the previous year. GFT AG's productivity fell even more. At € 6.55m., the gross earnings here in the past financial year amounted to only 16 % of total output, compared to 33 % in the previous year. However, comparisons with previous years are limited in this respect, as the costs accrued by GFT AG in the performance of central functions for the group have significantly increased due to growth. This relates to sectors such as marketing, finance and accounting and personnel, for instance.

Depreciations and other operating expenses

In the new group depreciations of tangible and intangible fixed assets amounted in 2001 to approx. € 7.74m. This includes goodwill amortization of € 4.2m., which includes for the first time goodwill amortization for the Emagine Group. In the old group, depreciations of tangible and intangible fixed assets amounted to € 5.59m. (previous year € 5.26m.), including goodwill amortization of slightly less than around € 3.0m. The consistently scheduled depreciations of tangible and intangible fixed assets increased slightly for GFT AG by 7 %, from € 1.51m. to € 1.63m.

The other operating expenses, a large part of which were attributable to selling expenses (mainly travelling and advertising costs), amounted in the new group to € 25.67m. The operating expenses amounted to € 7.22m. Depreciations and other operating expenses as a proportion of the new group's total output fell and amounted to 22.6 %, compared to 25.8 % in the previous year. In the old group the other operating expenses rose only slightly, by just less than 1 %, to € 17.25m. As the total output also developed in a stable fashion, the ratio of depreciations and other operating expenses to this remained almost unchanged at 26.8 %, compared to 25.8 % in the previous year.
In GFT AG, other operating expenses rose by 8 % in the past financial year, from € 10.22m. to € 11.06m. Here, reduced selling expenses (particularly for marketing) contrast with markedly increased operating expenses. The latter particularly consist of expenses for premises and equipment and furnishings, as provisional expenses for

revenue growth which failed to materialize, and represent an increase of € 1.38m., double the rate for the previous year.

Positive interest income, negative financial results

The interest income for the new group amounted in the past financial year to € (k) 287. The new group had interest income of € (k) 713 and paid interest of € (k) 426. In the old group the interest income fell from € (k) 213 to € (k) 133, whilst lower interest income of € (k) 582 (previous year € (k) 668) contrasted with slightly increased interest expenditure of € (k) 449 (previous year € (k) 455).
There were no significant changes in GFT AG's financing structure; here too the interest income outweighed interest expenses.
The interest income amounted to approx. € (k) 558, compared to € (k) 633, corresponding to a decline of 12 % which is mainly attributable to the falling interest rate in 2001. In the same period, GFT AG's interest expenses increased by 23 %, from € (k) 378 to € (k) 465. This was mainly due to increased borrowing of outside funds.
On balance, therefore, GFT AG's positive interest income decreased to € (k) 93, compared to € (k) 255 in the previous year.

The financial results in the new group in 2001 were disencumbered by depreciation on marketable securities of € –0.58m. (previous year € –1.29m.) but increased by amortizations of financial assets to the value of € –0.51m. (previous year 0); and amounted to € (k) –830, compared to € (k) –977 in the previous year. In the GFT AG the financial results amounted to € –1.15m., compared to € –1.21m. in 2000.

Extraordinary expenses have negative effect on GFT AG's result

In the 2001 financial year the results of ordinary activities amounted in the new group to € –4.53m., whilst the income from operating activities amounted to € –3.7m. In the old group the results of ordinary activities amounted to € –5.50m., compared to € 5.93m. in the previous year. The income from operating activities for the old group amounted to € –4.52m., compared to € 6.91m. in the previous year. This is ultimately due to the effects of the high personnel costs.

As a result of these facts, GFT AG also, experienced disappointing results of its ordinary activities in the period under review; they amounted to € –5.87m., compared to € 3.62m. in the previous year. GFT AG's income from operating activities amounted to € –4.72m., compared to € 4.83m. in the previous year. GFT AG's result was also negatively influenced in the long-term by extraordinary expenses of € 6.6m. These mainly consist of consulting and lawyer's fees associated with the acquisition of the Emagine Group – amounting to € 4,5m. – and the loss resulting from the merger of GFT Pixelfactory GmbH and GFT AG, amounting to € (k) 2,051. GFT AG recorded a net loss of € 12.1m. for the 2001 financial year, which was amplified by these factors. If one excludes the extraordinary expenses from an appraisal, then the poorer result for GFT AG is clearly attributable to the decrease in revenues against a background of fixed costs constituting a high proportion of overall expenditure.

The result of this is a value of € –0.09 for both the diluted and undiluted earnings per share as per the DVFA/SG (German Association of Financial Analysts and Investment Consultants/Schmalenbachgesellschaft) method, compared to € 0.08 in the previous year. In 2001 the new group shows undiluted earnings per share of € 0.09 (previous year € 0.24) and diluted earnings per share of € 0.09 (previous year € 0.23) prior to goodwill amortization due to consolidation. The Executive Board suggests not to distribute any dividend for the year 2001.

Investments

The new group made investments in tangible fixed assets and intangible assets amounting to € 4.62m. in the financial year 2001. € 3.40m. of these were investments in tangible fixed assets. Relative to the total output, this corresponds to an investment quota of 3.12 %. GFT AG shows investments in tangible fixed assets and intangible assets in the same period of € 1.77m., compared to € 2.07m. in the previous year. This 15 % decline reflects the cost reduction program for the second half of the year. Of GFT AG's total volume of investments, approx. € 1.59m. was attributable to investments in tangible fixed assets. All the investments were made with GFT AG's own funds.

Financial position

In the old group the liquid assets at the end of the financial year amounted to € 12.75m. and was therefore € 4.6m. less than at the end of 2000. In comparison with September 30, 2001, however, the liquid assets were kept almost constant. In the year under review the old group recorded a negative flow of funds resulting from current activities in spite of the cost saving measures which were initiated. At € –2.2m., the capital outflow resulting from operational activity was almost halved for twelve months as of December 31, 2001, compared to nine months as of September 30, 2001.
In the new group the situation is different due to the incorporation of the Emagine Group. The liquid assets increased by € 3.1m., from € 17.4m. to € 20.5m.
The main reasons for this were the new group's positive flow of funds resulting from current activity, which amounted to € 11.0m. and the decreased – compared to the old group – need for outside funds.

Assets

On the balance sheet date the new group's balance sheet total amounted to € 143.07m., corresponding to an increase of 105 % compared to the old group in 2000 and a balance sheet total of € 69.92m. On the balance sheet date Shareholders' Equity shown in the balance sheet amounted to € 42.85m. Also shown as per the position on the balance sheet date is a special item 'Capital Contributions to carry out the Resolved Increase in Capital', amounting to € 50.53m. This special item was transferred to the equity capital shown in the balance sheet by means of the entry of this capital increase in the German Commercial Register on February 20, 2002. In terms of capital, the ratio shifted from funds available in the middle and long-term to funds available in the short-term. Accordingly, long-term liabilities of € (k) 788 in the financial year 2001 (previous year: € (k) 496) contrast with short-term liabilities of € 47.41m. (previous year: € 21.00m.). In terms of the assets, in the past financial year the long-term tied-up assets accounted for 41.4 % of the company's total assets, by comparison with 43.8 % at the same point in the previous year. As of December 31, 2001, the accounted equity capital provided 72.3 % of the coverage for the long-term assets.

GFT AG's balance sheet total as of December 31, 2001 increased by € 16.64m. or 32.7 % compared to the same point in the previous year. Whereas in case of capital, the ratio of funds available in the middle and long-term to funds available in the short-term changed only slightly in favor of the latter, the assets showed a distinct shift towards the long-term tied-up assets. These now account for 66.8 % of the company's total assets, as compared to 45.9 % at the same point in the previous year. Equity capital plus not yet registered increase in share capital (below referred to as 'total effective equity capital') provided 52.8 % of the financing for the asset increase, compared to 47.2 % from outside capital. As of December 31, 2001, total effective equity capital provided 98.8 % of the coverage for the long-term assets. At the same point in the previous year, this figure was 153.1 %.

GFT AG's financial assets increased relative to the previous year's balance sheet date, due to the acquisition costs for the Emagine Group (€ 19.25m.) and CScout Inc. (€ (k) 317) and the subsequent acquisition costs for GFT Solutions GmbH (€ 2.16m.); they decreased due to the depreciations of the interests in Plumb Design Inc. (€ (k) –513), Pixel Factory Inc. (€ (k) –101) and GFT TransForce GmbH (€ (k) –50). The other long-term assets increased due to new long-term loans to foreign subsidiaries.

The decline in GFT AG's security portfolios for current assets is, on the one hand, attributable to the sale of shares (€ (k) –779) and, on the other, is due to amortizations of the remaining securities in line with the lower stock market price (€ (k) –580). The other assets and prepayments and accrued items increased relative to the cut-off date for the previous year. This was mainly due to tax reimbursement claims (€ (k) 766) and to short-term increases in receivables from subsidiaries (€ (k) 664).

As of December 31, 2001, GFT AG's total effective equity capital amounted to 66 % of the balance sheet total (previous year 70 %); the corresponding figure for the new group amounted to approx. 65 %, compared to 75 % for the old group for the current year, and 68 % for the previous one. The total effective equity capital of GFT AG increased relative to the same point in the previous year due to the capital increase with contributions in kind of the shares in the Emagine Group (€ 18.82m.), and decreased due to the net loss for 2001 (€ –12.08m.). The remaining differential amount of € 2.05m. represents GFT Pixelfactory GmbH's merger loss.

Both GFT AG and the other affiliated companies were always in a position to meet their financial obligations in full. GFT AG and the group remain on a sound footing.

Risks for future developments

The market for IT solutions is strongly dependent on the general economic situation and on readiness to invest in infrastructure and solutions based on modern technologies. This presents both great opportunities and also risks for GFT. In compliance with the requirements of the German Act on Corporate Control and Transparency (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich = KonTraG), we handle these business challenges systematically and circumspectly. To this end, we have established a system for the entire group, which enables the management to recognize opportunities and risks at an early stage and to react rapidly and efficiently. GFT has a group controlling system which supervises implementation of financial and liquidity planning. The management is regularly provided with related reports on the orders in hand, liquidity status, earnings position, capacity utilization rate, accounts receivable status and revenue forecast. The following risks are subject to our greatest vigilance:

Risk through large-scale fixed-price projects

In the 2001 financial year, GFT Group concluded fixed-price agreements for approx. 25 % of the projects it implemented. In such case we provide a binding commitment in terms of price, completion date and service specification for the solution ordered by the client. This necessitates a close interlinking of project-related software development with sound business calculation and cost management. We minimize the risk of being unable to meet promises we have made regarding delivery dates and functional capacity through our project method 'Rapid Solution Development'. In addition, we have established a project controlling system for the entire group which ensures the efficient running of projects and thus effectively guards against the risk of unforeseen project losses through budget overruns.

Risk of dependency on major clients

In the 2001 financial year the GFT Group obtained 57 % of its revenues with just two clients, Deutsche Post and Deutsche Bank. The group is therefore endeavoring to cover itself against this dependency through medium and long-term cooperation agreements that guarantee relevant order volumes. Thus in the summer of 2001, Deutsche Bank underpinned its business relationship and strategic partnership with us by providing an assurance that it would support the GFT Group's obtainment of further, continuous revenues. There has been a framework agreement with Deutsche Post since 1999, on the basis of which this client is able to commission individual projects from GFT. In February 2002 this was extended for a further two years and for the current financial year orders to the value of € 10m. are envisaged.

Risks during integration of acquisitions

The GFT Group doubled in size through its merger with the Emagine Group. We have taken up the challenge of coordinating the two companies' structures and integrating them as smoothly as possible. There is a need to bring together employees from various business cultures in order to successfully implement multidisciplinary projects. In the second half of 2001, ten integration teams were dealing with the most urgent issues. These tasks have since been passed on to the new line organization. These ambitions are supported by internal change management and flat hierarchies.

Significant events after the balance sheet date

We plan to close the Business Design division focused on the frontend segment in Frankfurt. This is due to this site's current orders position. From March onwards we envisage a further reduction in capacity utilization to the extent that this will become inadequate. The affected employees have been given the opportunity to transfer to the Berlin, Munich and Stuttgart offices if the capacity utilization rates for these offices permit this. The Executive Board continues to adhere to the significance of the 'Business Design' service for its business model.

Prospects

The uncertain world economic situation and the current market conditions make it particularly difficult for us to provide a picture of future business developments. The economic reports prepared by the German Federal Bank and the German Institute for Economic Research (Ifo) assume that the world economy has now reached its lowest point. They refer to positive early indicators which point to a stabilization of investor and consumer confidence and a gradual economic recovery in the course of 2002. In particular, the Ifo institute expects stimuli to be generated as a result of an overcoming of the cyclical dip in the IT sector. EITO predicts that the western European IT market will grow by 5.1 % to a market volume of € 341 billion and sees the greatest potential as lying in consulting and implementation services for the enterprise application integration, security solutions and e-Government sectors.

Orders position and demand

The Executive Board considers the GFT Group to be well positioned for a potential market upswing. However, the current orders position, which amounts to a third of planned revenues, does not permit a forecast of a lasting improvement in the IT economy before the second half of the current financial year. Given these facts, in 2002 we will be focusing on improving the group's profitability. We have the following goals: we hope to achieve revenues of € 230m., € 150m. of this from project business and € 80m. from the Freelance Agency's business; we aim for earnings before interest and taxes (EBIT) of € 9.7m., corresponding to an EBIT margin of 4.2 %.

To realize these goals, we will continue our cost savings program in a consistent fashion and subject all our business areas to strict profitability tests on an ongoing basis. We will continue investments in strategic projects, even in a difficult market, so as to remain competitive and be prepared for a possible upswing. As an owner-led, entrepreneurial technology firm we aim to return to lasting profitability as quickly as possible. It is only as a profit-making company that we shall be able to meet our commitments to our shareholders, clients and employees and gain market shares. The 15-year history of GFT provides proof of GFT's inner strength and encourages its management to continue on this successful path even in difficult times.

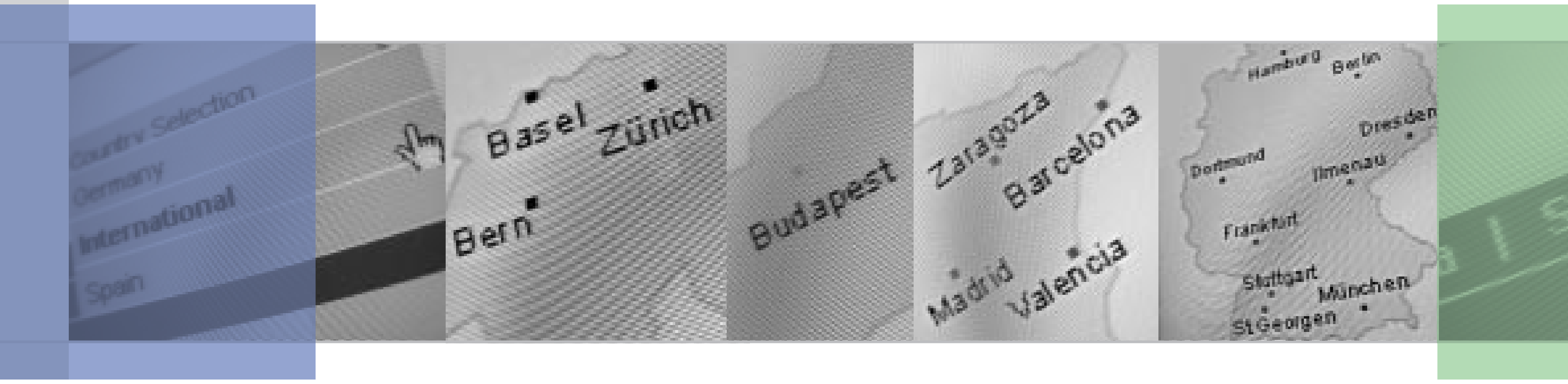
St. Georgen, March 2002

The Executive Board

Ulrich Dietz | Dr. Thomas Gumsheimer | Dr. Erwin Haller | Roland Härtner | Dr. Markus Kerber

The GFT Group

Reaching clients through 22 locations in Europe and the USA

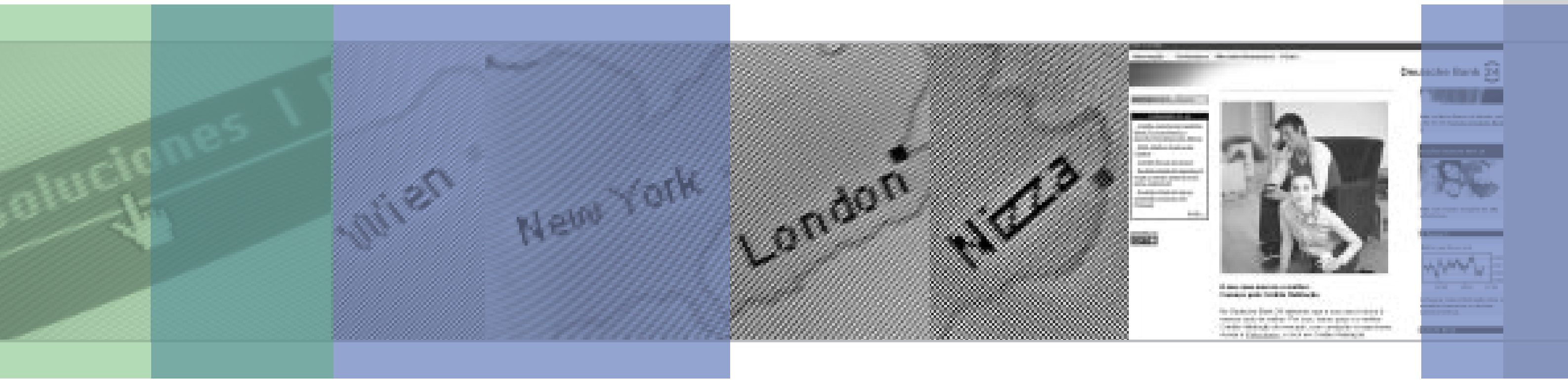


Due to the merger with the Emagine Group, GFT has positioned itself as one of the leading service providers in Europe for IT consulting and system integration in 2001. We support our clients in 22 locations in Austria, France, Germany, Hungary, Ireland, Spain, Switzerland, UK and the USA.

GFT in Germany

In our home market, Germany, we focused on advancing the integration of the subsidiaries still further and in intensifying cooperation across companies over the reporting year. In October we introduced a new organizational structure, which forms the foundation for the individual business divisions of the company to grow together efficiently. In the process, the significance of the legal units was increasingly relegated, although they continue to be relevant because of their historical specialization in specific technologies and business divisions. The goal is to not only streamline the internal processes and minimize administrative expenses but to also profit from a uniform brand presentation. We encouraged this process through a new corporate design, an integrated Internet presence and consistent branding. ACS Systemberatung was thus renamed GFT Solutions in time for the CeBIT 2001, where the group presented itself at a common stand under the GFT brand umbrella. The Digital Design division, represented by GFT Pixelfactory, was completely merged with the parent company in the course of the third quarter. This was followed by changing the name of emagine Germany GmbH to GFT Financial Solutions GmbH on January 15, 2002, thereby emphasizing its connection to the GFT Group as well as its focus on the financial services sector.

There have been changes in our services portfolio in the past year. Through Emagine we also acquired the Annual General Meeting Service (AGM Service) and the Freelance Agency. The AGM Service specializes in consulting services and self-developed software solutions for conducting annual general meetings in a professional manner. Here, among other things, we use new products for services ranging from inviting registered shareholders and recording their responses to voting via the Internet. Through the Freelance Agency GFT arranges employment for independent IT specialists who work on a freelance basis. In the Document Management segment we merged with partners to form the corporate alliance universe4. Here we are contributing HYPARCHIV, an archiving solution for web-based document workflow, in accordance with an integral strategy for Document Related Technologies (DRT). We have revised our range of services through Min-Oil, a solution for the mineral oil sector, as well as through SECUDE Sicherheitstechnologie Informationssysteme GmbH, a company specializing in cryptography products.



Our flagship studio at 'Unter den Linden' in Berlin enabled us to move closer to political decision-makers, with whom we are conducting intensive discussions regarding the future potential of e-Government. This representative branch was inaugurated at the start of the year and has been used for numerous client events. We gave up plans to expand the Branding business division at this location since the demand for this service has declined. In September we combined the four offices in the Frankfurt area at one location in Eschborn. About one-third of our 843 employees working in Germany are now working here on joint projects under one roof.

The subsidiaries contributed to the business performance to varying extents. Whereas GFT Solutions and GFT Systems contributed positive income, both the GFT AG as well as GFT Financial Solutions – with respect to the entire year – recorded negative income. In the latter case this was primarily due to the depreciations on the holdings in Emagine Solutions in the USA and in SECUDE. However, GFT Financial Solutions made a positive contribution to the group performance for the relevant consolidation period.

GFT in France

In Nice we are represented through a majority holding in ACS Systems with seven employees who specialize in solutions in archiving systems and document management. The Spanish development center of GFT has already implemented a major project in the financial services sector in France.

GFT Offices

GFT in Great Britain

In 2001, our newly established British subsidiary established itself as an operative business. The eight employees there assist an international GFT team from Germany and Spain within the framework of a major order from the Investment Banking sector. The location provides an impetus to other markets in Europe through GFT Clarity, a technological solution introduced by us in February 2002. Against the background of Basel II, this solution targets investment banks. It aims to create higher transparency, and to significantly reduce operational risk, to expand capacity and thereby save costs. Unfortunately, with revenues of € (k) 37 and an accumulated deficit of € (k) –859, the start-up expenditure in 2001 could not be compensated.

GFT in Austria

With seven employees at the close of the year, GFT achieved revenues of € (k) 722 with a net loss for the year amounting to € (k) –0.8 already in the very first year of operative business activity in Austria.

In addition to companies from the lifestyle sector, our clients, among others, included a renowned publishing house as well as Datacom, a subsidiary of Telekom Austria.

GFT in Switzerland

Defying all market tendencies, GFT continued its above-average growth rate in Switzerland in 2001 as well. The subsidiary made a positive contribution to the group performance with revenues of € (k) 4,100 and a net income for the year amounting to € (k) 156. The Swiss team increased by 10 to a total of 31 permanent employees and recorded continuous high capacity utilization. In the meanwhile, in addition to Zurich, we are also represented in Basel and have a branch office in Bern from the beginning of 2002. The business focuses primarily on major long-term projects in the public administration and e-Government sector. GFT is thus working for the Bundesamt für Straßenbau (Federal Office for Road Construction), for Schweizer Post (Swiss Post) and the Eidgenössische Steuerverwaltung (Swiss Federal Tax Administration). Moreover, in the past year, a project was initiated with Siemens Building Technologies. This project has the potential for international follow-up projects.

GFT in Spain

The merger with Emagine enabled GFT to not just enter the Spanish market but to also gain a team of around 500 employees with experience in major international projects. Established in 1996 in Barcelona as an IT competence center of Deutsche Bank, today GFT Iberia is represented in the Iberian Peninsula with two more development centers in Zaragoza and Valencia as well as a sales office in Madrid. Due to its history, the company first specialized in the financial services sector in this market. However, during the last year, we succeeded in also expanding the client base to include mainly the public sector as well as industry and trade, in addition to banks. After the changeover of the Emagine brand to GFT, the coordination of all the distribution activities for Southern Europe and South America will now be carried out from Spain. Moreover, Barcelona, the biggest location within the GFT Group, is being established as a strategic technology and development center, principally for multi-channel solutions. Here we are realizing cost-efficient projects for clients from all over Europe. These projects are managed by an on-site team at the client's premises. The GFT Iberia employees are particularly well qualified for international deployment at locations such as Germany, England and Italy. The team is

Key Figures of important GFT companies as of December 31, 2001

	Revenues in € (k)	Net income for the year in € (k)	Employees
GFT Iberia Solutions S.A., Barcelona [1] [3]	54,813	760	465
GFT Financial Solutions GmbH, Eschborn [1] [2]	92,120	–5,864	213
GFT Solutions GmbH, Hamburg	35,930	1,585	114
GFT Systems GmbH, Ilmenau	5,065	345	62
GFT Technologies AG, St. Georgen	39,749	–12,079	408
GFT Technologies GmbH, Vienna	722	–0.8	7
GFT Technologies (Schweiz) AG, Zurich	4,100	156	31
GFT UK Ltd., London	37	-859	8
GFT Websolutions Kft., Budapest	891	8.5	22

[1] Based on 12 months, consolidated only since 01/08/2001; [2] Up until 15/01/2002 emagine Germany GmbH; [3] Up until 27/11/2001 emagine Iberia Consulting and Technology, S.A.

composed of 13 different nationalities and thus lays the foundation for the developing multi-national company culture of the GFT Group.

Carlos Eres, an experienced manager from the banking sector, joined the Spanish company as Chief Executive Officer in September. As former Deutsche Bank employee, Carlos Eres has worked for more than ten years in various management positions and among other things, introduced new distribution channels such as mobile banking via the Internet or telephone.

Our Spanish subsidiary made a positive contribution to the group performance with consolidated revenues of € 22.4 m. and a consolidated net income for the year amounting to € (k) 759.

GFT in Hungary

In the first half of 2001, our Hungarian subsidiary was entrusted with setting up the Vienna office. Due to the successful acquisition of projects in Austria, it could increase its capacity utilization in the course of the year. At the end of the year the 22 employees had generated revenues of € (k) 891 and a net income for the year amounting to € (k) 8.5.

GFT in USA

With a 25.1 % holding in the German-American trend consultancy CScout Inc., GFT expanded the services offered by the group to include market and trend research at the beginning of 2001. With this we are continuing the strategy of using our foothold in the USA mainly for the transfer of know-how and technology. The terrorist attacks on September 11 in New York and Washington had massive repercussions on the local business, a fact also evident from the negative results of the Internet service provider Plumb Design, in which GFT has an 18.7 % holding. We closed down the American Emagine Solutions at the end of the year in response to this development.

GFT Technologies AG

- 100 % **GFT Iberia Solutions, S.A.** Barcelona
- 100 % **GFT Financial Solutions GmbH*** Eschborn
  - 100 % **Emagine Solutions Inc.** Wilmington, USA

  * Up until 15/01/2002 emagine Germany GmbH
- 100 % **GFT Solutions GmbH,** Hamburg
  - 51 % **ACS Systems S.A.R.L.** Nice, France
- 100 % **GFT Technologies GmbH** Vienna, Austria
- 100 % **GFT Technologies (Schweiz) AG** Wallisellen, Switzerland
- 100 % **GFT TransForce GmbH** Stuttgart
- 100 % **GFT UK Ltd.** London, UK
- 100 % **GFT Websolutions Kft.** Budapest, Hungary
- 100 % **Pixel Factory Inc.** New York, USA
- 81 % **GFT Systems GmbH** Ilmenau
- 25.1 % **CScout Inc.** New York, USA
- 18.7 % **Plumb Design Inc.** New York, USA

Business Divisions – Partner for Smart IT Solutions

**Innovative, intelligent and integrative –
15 years of GFT's tailor-made IT solutions**

It started 15 years ago as a technological trendsetter with innovative product solutions, today GFT's portfolio covers the entire digital value-added chain. We provide clients with integrated end-to-end solutions from a single source – from first thoughts of initiating a project, to implementing our joint vision for the frontend and backend divisions. We rely on three components: many years of project experience, outstanding industry expertise and excellent technological know-how.

Know-how: Project Experience, Delivery Strength and Industry Expertise

As our clients' trusted partner, we analyze the business and technological aspects of their operating procedures. On this basis we draw up forward-looking strategies and valuable business models which utilize the latest technologies. We are committed and reliable in implementing these, using our own project method, Rapid Solution Development (RSD). This phased model, with firmly defined milestones, guarantees a structured approach and precise project controlling which are indispensable, particularly for large-scale projects. We thus realize individually tailored solutions on time and within budget, relying both on established standard software and also on components we develop ourselves. Experienced experts provide their knowledge of Business and IT Consulting, Design, Systems Integration and Technological Development. GFT also places freelance IT specialists via its Freelance Agency, taking care of the entire handling of an employment contract and also dealing with the supervision of freelance workers and the settlement of accounts. Aside from our outstanding expertise in the finance and logistics service sectors, which provide 78 % of our revenues, we also have experience in industry (particularly automotive), consumer goods (particularly fashion) and the public sector.

Ideas for Today and Tomorrow: Technological Know-how and Solutions Expertise

GFT has focused on four fast-growing and forward-looking business divisions. Proven experts pool their knowledge in specialist teams and thus enable cost-effective development of technologies and solutions for rapid project implementation throughout Europe.

Customer Relationship Management (CRM)

With its Customer Relationship Management (CRM) division, GFT targets companies wishing to automate the operational procedures of their marketing, sales and service departments. Our tools and services support them in developing and maintaining interactive client relations. CRM can be introduced at many points. Clients contact a company in all kinds of ways, such as by telephone via a call center, in writing by post, e-Mail or over a web site, or in a personal, on the spot conversation with a consultant. During such communication demographic data can be assembled in a data warehouse, providing information on purchasing behavior, personal preferences and support and service requirements. An analysis of this data enables client classification and segmentation. In this way, target group-specific and personalized goods and services and intelligent commercial strategies can be developed. GFT supports all these phases with concepts and technology, placing the main stress of its activity on multichannel strategies, call center solutions, business intelligence and the introduction of SAP CRM.

Enterprise Application Integration (EAI)

Businesses can grow organically, acquire other firms or amalgamate with them through mergers – all this has massive implications for internal IT systems and the associated costs. In addition, the systems which have been implemented during the last three years as part of e-Business strategies demand new requirements of the IT landscape. Over the years, all kinds of platforms and applications with many different interfaces come into being. If costs are to be saved and synergy effects realized, existing systems need to be combined and data, applications and business procedures integrated. It may be a case of systems within a single company, different companies' systems or else the expansion of applications to enable their use by external business partners. In this manner, transactions are stimulated and efficient procedures created, whilst media fragmentation and manual comparison, as well as updating of data, are a thing of the past. The Enterprise Application Integration (EAI) division accompanies clients on this path, develops and structures forward-looking, flexible IT architectures and draws up migration strategies. During the implementation stage we rely on well-founded know-how and established EAI tools from the major suppliers. We also use software we have developed ourselves for high-performance applications. Our strengths include the linking of multichannel systems to all backend systems and the implementation of supply chain management solutions.

Enterprise Portals

In the last few years, for many companies the dynamics of e-Business have led to a variety of mutually independent internet, extranet and intranet sites. Employees, clients, suppliers, service providers and other partners are addressed through various environments, even though the information and services these are based on are often redundant. This leads to high costs for system care and maintenance, a poor capacity to react to changes and user frustration due to inefficient search procedures. The Enterprise Portals division helps these companies to bundle information and functionalities from existing websites and make these centrally available in a target group-specific or personalized fashion. In the backend sector, databases and ERP, archiving and document management systems are consolidated and a central Enterprise Content Management installed. Other important factors for a portal's success are multi-channel capacity, a uniform information architecture, intuitive navigation and a brand and media-conscious profile. In terms of content, GFT particularly addresses the areas of employee portals, site consolidation, partner extranets and knowledge management.

Security Solutions

With the increasing spread of electronic business transactions, the security requirements for data transfer and online transactions are becoming ever more important. e-Business must be evaluated in line with the measurement of traditional transactions: integrity, authenticity and commitment. Online transactions must be of the same legal validity as paper contracts. Only companies with tried-and-tested security applications can be sure of the confidence of their clients and business partners. With its Security Solutions division, GFT is meeting the increasing demands and high requirements of the financial services and e-Government sectors in particular. Our strengths lie in the individual conception, configuration and implementation of multi-stage access management and security solutions, which are failure-proof, reliable and scaleable. In addition, our specialists test planned and existing solutions for weaknesses and suggest appropriate counter-measures. Our solutions, which provide for the reliable identification and authorization of business partners, enable legally valid transactions over the internet. In this we also make use of products we have developed ourselves, such as the Legitimation Server and the Registration Server. These serve to reliably identify users through common procedures such as user name/password or PIN/TAN, and support registration procedures by issuing, administering, renewing and blocking digital signatures and certificates.

Employees

Heading towards a multi-national company culture

The employees of the GFT Group once again demonstrated great enthusiasm and efficiency in the 2001 financial year. The strong growth, due to the merger with the Emagine Group, the integration activities and not least, the negative effects of the flagging economy on the orders position, demanded flexibility, solidarity and understanding. This cannot be taken for granted, particularly in a difficult market environment characterized by frustrated expectations.

Due to the merger with the Emagine Group, the number of employees of the GFT Group in 2001 nearly doubled. At the end of the year, there were 1,337 permanent employees – 611 more than the number employed at this point in the previous year. In addition there were 247 freelancers employed in projects as well as 400 contractors in the Freelance Agency.

In the course of the year we were forced to adjust the personnel capacity to the orders position. Our goal, in agreement with the management, was to always implement the required measures impartially, professionally, systematically, and on time. This is the only way in which the company can maintain its competitiveness - both in times of economic decline as well as during growth.

Intensive Integration Activities

The second half of the year was characterized by the integration of the two company groups. Ten teams committed themselves to creating the basic conditions that would enable the individual business divisions to grow together efficiently in the future. We introduced a new organization structure a mere two months after concluding the contract, thereby enabling concrete integration tasks to be transferred to the line organization. This, for instance, includes the uniform structuring of employment contracts as well as a salary model introduced in the first quarter of 2002, which will be effective throughout the company. It will honor the personal performance of each individual employee with a variable share and will simultaneously act as an incentive to stimulate employees to work together to achieve GFT's target turnover and income.

employees foster the exchange of ideas across countries and locations in a professional environment and cherish the cooperation exhibited in young and motivated teams. Our goal is to preserve GFT's creative and cooperative culture, despite the change.

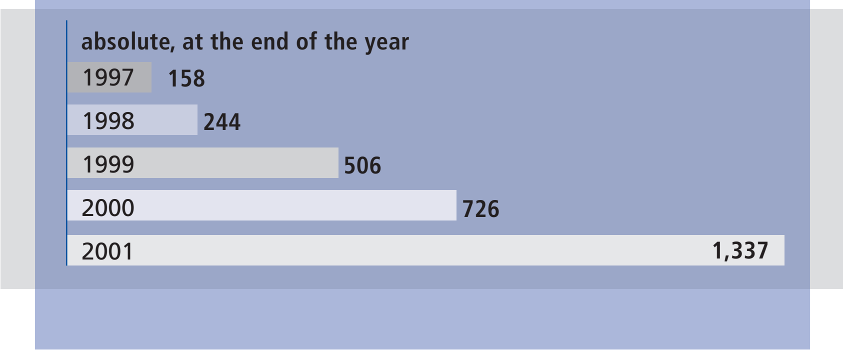
Multi-national Company Culture

It was apparent even at the time of the contractual negotiations that the cultures of both the companies combine well together and supplement each other remarkably well in many segments. This was confirmed by the integration process and a lot of synergies were created. One of our particular strengths is our international orientation, which we succeeded in expanding yet again in 2001. Thus the GFT Group brings together 32 different nationalities. About one-third of the staff is employed outside of Germany. Over 50 % of our employees have a university education; the average age is 33 years. GFT employees foster the exchange of ideas across countries and locations in a professional environment and cherish the cooperation exhibited in young and motivated teams.

Motivation through Constructive Dialogue

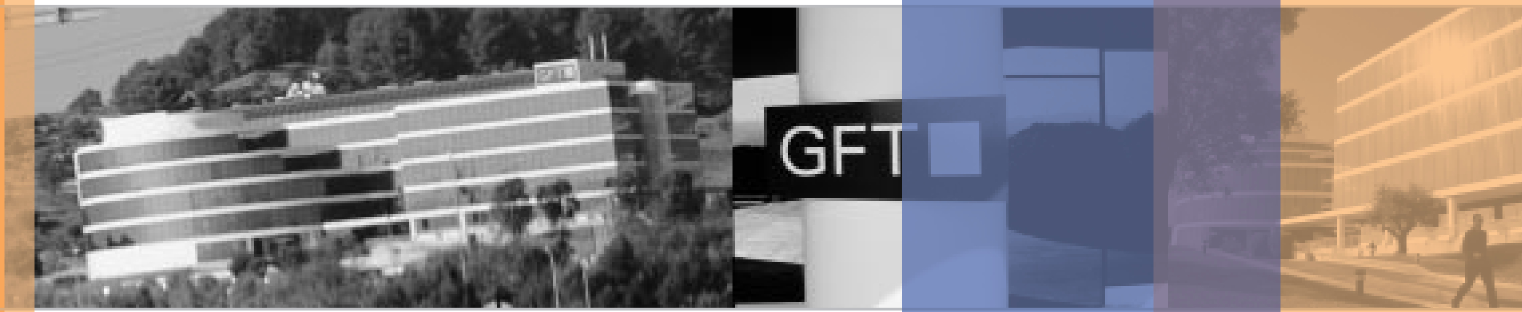
We attach great importance to constructive dialogue between the management and employees. Thus the members of the Executive Board regularly answer the staff queries at site and company meetings. Moreover, we cultivate a policy of flat hierarchies and open doors that constantly invites employees to contribute to their company's organization. Reacting to the mid-year staff retrenchment, the Digital Design division in Frankfurt, which was particularly affected by this, elected a works council. At other locations the company management initiated an alternative co-determination model, the Round Table.

Increase of Employees of GFT Group 1997–2001



Research and Development

In tune with the pulse of the age: GFT sets technological trends and realizes visions



In the year under review, the GFT Group once again considerably developed its technological expertise. Through the merger with the Emagine Group we supplemented our portfolio of technological components, frameworks and products, particularly in the security, middleware and multi-channel sectors. We therefore once again invested in research and development in 2001. Expenditure in the new group, which consisted almost exclusively of personnel expenses, amounted to € 2.68m., an increase of a third relative to the previous year, with € 2.15m. in the old group. Our development activities particularly focused on the expansion of our products HYPARCHIV, Legitimation Server and Registration Server, and on the GRIT software family which since January 2002 we have made available as open source software. In the fourth quarter we critically revised all our research and development activities and costs as part of our integration project and concentrated our activities on four central application sectors: Customer Relationship Management, Enterprise Application Integration, Enterprise Portals and Security Solutions. We were more concerned here with the solutions aspects of our service package than with offering the crowded market standard software.

In 2001 we remained true to our claim of being a trendsetter and pioneer. In our Hamburg, Ilmenau and St. Georgen offices we set a course for innovative technologies which enabled us to obtain challenging and attractive projects. In addition, to an ever-increasing extent our Barcelona office is becoming an European technology and development center. GFT builds on three pillars: an effective synthesis of individual and standard software, a consistent partnership strategy and close cooperation with leading research institutions.

Synthesis of individual software and standard components

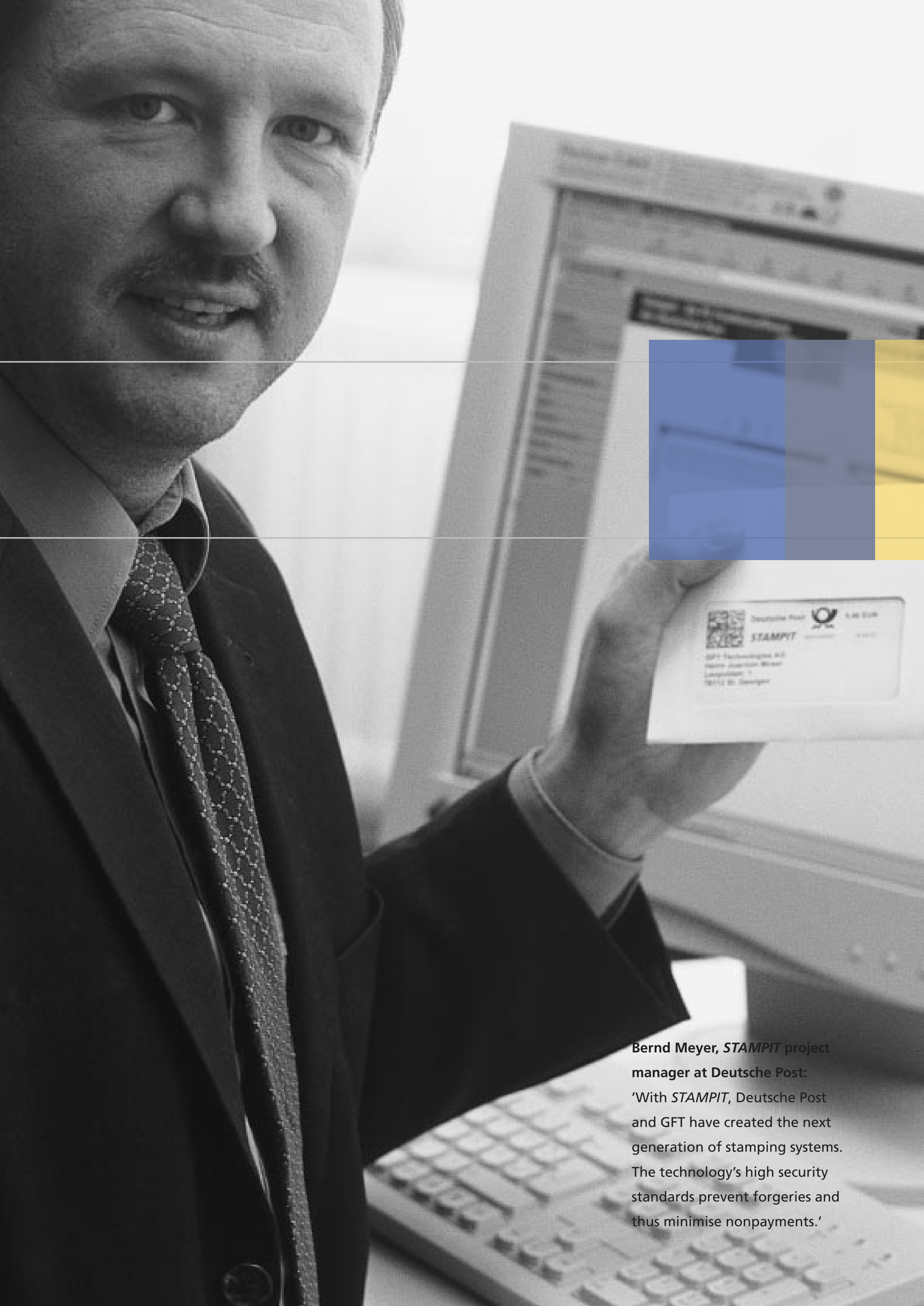
Component-based framework architectures provide us with a logical synthesis of individually developed and standard software. Using these in new business models, they guarantee our clients on the one hand the highest possible degree of individual differentiation compared to the competition, whilst on the other hand they enable our clients to react rapidly and flexibly to changes in business procedures. Last year GFT invested particularly heavily in the development and maintenance of such frameworks for middleware and multi-channel solutions.

Consistent partnership strategy

In order to ensure rapid development and implementation of solutions, the GFT Group cultivates strategic partnerships with leading technology providers. In the year under review we intensified our partnerships with BEA, IBM and SAP and closely cooperated with content management systems providers in many client projects.

Cooperation with leading research institutions

In a series of projects we have cooperated with institutions such as the German Centre for Artificial Intelligence, Furtwangen Technical College, St. Gallen University, Ilmenau Technical University, the IESE Business School of the University of Navarra and the Escuela Superior de Administración y Dirección de Empresas (ESADE) in Barcelona. Our research project Fairpay gained particular public interest. In this project, which is financed by the German Federal Ministry for Business and Technology, new software methods, procedures and models were developed which enable improvements in the level of security for electronic payment systems. The aim was to formalize such systems even during the development phase so that specific security features could be understood and tested – in a manner similar to that of the checks made by a technical control board. GFT Financial Solutions placed the project in a document safe which provides for the secure transfer of documents over the internet.



Bernd Meyer, *STAMPIT* project manager at Deutsche Post:
'With *STAMPIT*, Deutsche Post and GFT have created the next generation of stamping systems. The technology's high security standards prevent forgeries and thus minimise nonpayments.'

First edition: the digital stamp is conquering Europe

Internet and PC-based stamping using *STAMPIT*

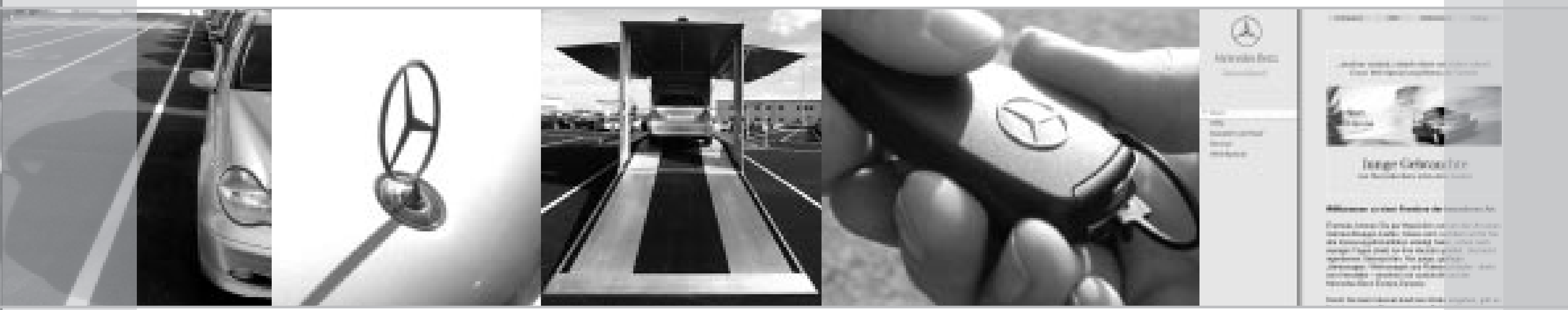
Deutsche Post delivers more than 72 million letters a day. Since September 2001, some of these are stamped via the internet using computers. This is made possible by a virtual stamp book: a digital stamp is simply printed on the envelope, label or, in case of window envelopes, directly onto the letter, and the mail is complete. The technology behind this makes particularly stringent requirements in terms of performance, scaleability and security – after all, this is one of the largest micropayment applications in the internet. It has promising potential: other European postal service providers have already expressed great interest.

As an innovative, forward-looking and user-friendly solution, the PC stamping system and the related *STAMPIT* software won several awards at the Corporate Media competition at the end of 2001.

Rober Reiter, Manager Direct Sales Passenger Cars at DaimlerChrysler: 'We chose GFT as early as the beginning of 2001 as a preferred service provider for the e-Commerce sector. We are always pleased with their commitment, their ability to deal over the web with a worldwide-known brand, and the team's professional project management.'

Mercedes Benz revolutionizes used car sales

Order high-quality used cars directly from the manufacturer



Mercedes Benz is the first car manufacturer to offer direct online purchasing of one year-old cars and high-quality recent models returned by major fleet clients. At www.mercedes-benz.de clients can select the vehicles they are interested in and make downpayments for them. Even during the online purchasing process they are able to decide on the registration and delivery procedures. Finally, the vehicles are delivered in registered condition to a German-based address provided by the client. In this project GFT is providing the information architecture, design, editing and programing for the user interface.

GFT Technologies Aktiengesellschaft, St. Georgen

Group Balance Sheet as of December 31, 2001 (IAS)

Assets

	Notes		2001 New Company Group €	2001 Old Company Group €(k)	2000 Old Company Group €(k)
Fixed Assets					
Intangible Assets					
Licences, industrial property rights and similar rights	(8)	1,732,269.16		847	626
Goodwill	(8)	48,393,716.67		22,543	25,561
			50,125,985.83	23,390	26,187
Tangible Fixed Assets					
Other fixed assets, plant and equipment			7,969,403.28	3,153	2,894
Financial Assets					
Shares in affiliated companies	(9)	0.00		54,990	35
Investments in associated companies	(5, 9)	294,330.60		294	–
Other investments	(9)	552,667.34		553	1,067
			846,997.94	55,837	1,102
			58,942,387.05	**82,380**	**30,183**
Current Assets					
Inventories					
Work in progress	(10)	0.00		–	5
Goods	(10)	313,009.07		305	2
			313,009.07	305	7
Receivables and Other Current Assets					
Trade receivables	(10)	39,792,873.40		19,007	16,440
Receivables from taxation	(16)	1,053,812.12		954	169
Other receivables and current assets	(11)	15,043,869.59		1,086	1,205
			55,890,555.11	21,047	17,814
Securities	(12)		2,772,534.05	2,773	4,417
Liquid assets	(12)		20,510,159.17	12,750	17,368
			79,486,257.40	**36,875**	**39,606**
Deferred Taxes	(16)		**4,639,625.88**	3,416	130
			143,068,270.33	**122,671**	**69,919**

Shareholders' Equity and Liabilities

	Notes		2001 New Company Group €	2001 Old Company Group €(k)	2000 Old Company Group €(k)
Shareholders' Equity					
Subscribed Capital	(13)		19,744,459.00	19,744	19,500
– Conditional Capital € 780,000.00 (2000: € 780,000.00)					
Capital Reserve	(13)		23,395,393.80	23,395	15,702
Revenue Reserve					
Legal reserve	(13)		1,387.65	1	1
Other revenue reserves	(13)		2,343,349.97	2,344	669
Currency Translation Adjustment	(4)		-5,440.72	16	18
Group Accumulated Deficit (2000: Retained Earnings)	(13)		-2,627,978.48	-3,828	1,227
			42,851,171.22	**41,672**	**37,117**
Capital Contributions to carry out the Resolved Increase in Capital	(9, 13)		**50,532,657.19**	**50,533**	**10,096**
Minority Interests	(14)		**273,902.07**	**274**	**212**
Long Term Liabilities					
Long term financial liabilities	(18)	1,566.36		2	14
Accruals for pension	(15)	786,897.45		536	482
			788,463.81	**538**	**496**
Short Term Liabilities					
Short term financial liabilities	(18)	3,015,646.04		9,295	4,962
Trade liabilities	(18)	17,445,321.86		5,003	3,803
Accruals for taxation	(16)	986,795.20		533	2,907
Other accruals	(17)	14,700,022.70		6,150	4,912
Tax liabilities	(18)	5,891,470.49		2,731	2,010
Other short term liabilities	(18)	5,368,443.72		4,771	2,406
			47,407,700.01	**28,483**	**21,000**
Deferred Taxes	(16)		**1,214,376.03**	**1,171**	**998**
			143,068,270.33	**122,671**	**69,919**

GFT Technologies Aktiengesellschaft, St. Georgen

Group Profit and Loss Statement
as of January 1 until December 31, 2001 (IAS)

Group Profit and Loss Statement

	Notes		2001 New Company Group €	2001 Old Company Group €(k)	2000 Old Company Group €(k)
Revenues	(19)		147,861,102.54	85,373	86,454
Decrease in work in progress			**-5,032.95**	-5	-55
Other operating income	(21)		4,288,164.56	1,548	1,303
			152,144,234.15	**86,916**	**87,702**
Cost of materials					
a) Cost of raw materials and supplies and goods purchased	(22)	1,219,875.57		1,109	856
b) Cost of services purchased	(22)	56,151,184.69		20,969	21,468
			57,371,060.26	**22,078**	**22,324**
Personnel expenses					
a) Wages and salaries		55,702,291.42		40,270	31,409
b) Social security and pension benefits	(22)	9,360,173.99		6,249	4,733
			65,062,465.41	**46,519**	**36,142**
Depreciation on intangible and tangible fixed assets	(23)		7,742,965.63	5,587	5,261
Other operating expenses	(24)		25,668,620.19	17,248	17,067
Result from operating activities			**-3,700,877.34**	**-4,516**	**6,908**
Result from investments in associated companies	(5)	-22,900.04		-23	100
Other interest and similar income	(26)	712,965.99		582	668
Depreciation on financial assets and on marketable securities	(9, 12)	1,093,817.87		1,094	1,290
Interest and similar expense	(26)	426,401.10		449	455
Financial result			**-830,153.02**	**-984**	**-977**
Result from ordinary activities			**-4,531,030.36**	-5,500	**5,931**
Taxes on income	(16)		-2,241,764.35	-2,182	4,262
Net loss (2000: income) pre minority share of result			**-2,289,266.01**	**-3,318**	**1,669**
Result attributable to minority shareholders	(14)		109,538.12	-62	-101
Net loss (2000: income) after minority share of result			**-2,179,727.89**	**-3,380**	**1,568**
Profit carried forward from prior year	(13)		-448,250.59	-448	-341
Group accumulated deficit (2000: retained earnings)			**-2,627,978.48**	-3,828	**1,227**
Earnings per share – undiluted	(28)		-0.10	-0.17 €	0.08 €
Earnings per share – diluted	(28)		-0.10	-0.17 €	0.08 €

GFT Technologies Aktiengesellschaft, St. Georgen

Changes of the Equity Capital Entries of GFT Group as of December 31, 2001

Changes of the Equity Capital Entries of GFT Group as of December 31, 2001

	Subscribed capital €	Capital reserve €	Statutory reserve €	Other revenue reserves €	Adjustment item-currency conversion €	Group retained earnings €	Total €
As of 1/01/2000	**6,500,000.00**	**28,702,258.38**	**1,387.65**	**13,399.02**	**259.39**	**313,810.68**	**35,531,115.12**
Application of profits as per annual general meeting of 16/05/2000				655,081.39		-655,081.39	**0.00**
Capital increase from the companies own resources (stock split) 16/05/2000	13,000,000.00	-13,000,000.00					**0.00**
Currency changes					17,977.30		**17,977.30**
Annual net profit after other shareholders' share of net earnings						1,567,889.68	**1,567,889.68**
As of 31/12/2000	**19,500,000.00**	**15,702,258.38**	**1,387.65**	**668,480.41**	**18,236.69**	**1,226,618.97**	**37,116,982.10**
Application of profits as per annual general meeting of 22/05/2001				1,674,869.56		-1,674,869.56	**0.00**
Execution of capital increases by contribution in kind as of 04/07/2001	244,459.00	9,851,728.95					**10,096,187.95**
Meanwhile clarified cash payment out of acquisition of GFT Solutions GmbH		-2,158,593.53					**-2,158,593.53**
Currency changes					-23,677.41		**-23,677.41**
Net profit after other shareholders' share or net earnings						-2,179,727.89	**-2,179,727.89**
As of 31/12/2001	**19,744,459.00**	**23,395,393.80**	**1,387.65**	**2,343,349.97**	**-5,440.72**	**-2,627,978.48**	**42,851,171.22**

GFT Technologies Aktiengesellschaft, St. Georgen

Group Cash-flow Statement
as of January 1 until December 31, 2001 (IAS)

Cash-flow Statements

	2001 New Company Group €	2001 Old Company Group €(k)	2000 Old Company Group €(k)
Net income pre minority share of result	-2,289,266.01	-3,318	1,669
Depreciation on tangible and intangible assets	8,256,724.50	6,101	5,261
Changes in accruals	830,734.52	-909	3,930
Other non-cash expenses	580,059.00	580	1,290
Result from consolidation at equity	22,900.04	23	-100
Profit/Loss on disposals of fixed assets	473,842.99	6	0
Changes in trade receivables	13,889,879.80	-2,567	-5,038
Changes in other assets	-5,822,089.90	-4,250	407
Changes in trade liabilities and other liabilities and accruals	-4,963,728.85	2,127	2,651
Cash-flows from operating activities	**10,979,056.09**	**-2,207**	**10,070**
Acquisition of subsidiaries net of liquid assets	4,877,713.23	–	-139
Paid-in on disposals of tangible fixed assets	51,046.66	51	47
Payments related to investments in tangible fixed assets	-3,399,329.05	-2,480	-2,973
Payments related to investments in intangible fixed assets	-1,216,803.18	-625	-4,633
Investments in financial assets/changes in the scope of consolidation	-282,152.97	-4,740	4
Receipts in connection with the short-term financial management of cash investments	3,383,013.01	3,383	665
Payments in connection with the short-term financial management of cash investments	-2,318,629.05	-2,319	-5,306
Cash-flows from investing activities	**1,094,858.65**	**-6,730**	**-12,335**
Cash proceeds from issuing bonds/loans	59,051.45	7,059	4,467
Payments related to repayments of bonds/loans	-8,703,204.20	-2,738	-6,752
Other changes in shareholders' equity and minority interest	-287,650.37	-2	-614
Cash-flows from financing activities	**-8,931,803.12**	**4,319**	**-2,899**
Change in cash funds from cash relevant transactions	3,142,111.62	-4,618	-5,164
Cash funds at the beginning of period	17,368,047.55	17,368	22,532
Cash funds at the end of period	**20,510,159.17**	**12,750**	**17,368**

GFT Technologies Aktiengesellschaft, St. Georgen

Notes on the Group Financial Statements as of December 31, 2001

Fundamentals and methods

1. Fundamentals for the group financial statements

The group financial statements of the GFT Group for the 2001 financial year were prepared in € (previous year DM) according to standard principles of account balancing and valuation. The International Accounting Standards (IAS) of the International Accounting Standards Committee (IASC) prevailing on the date of the balance sheet as well as the interpretations of the Standing Interpretations Committee (SIC) were applied. Various new IAS standards were adopted and existing IAS standards were revised. These new standards will be obligatory for future review periods. The group does not expect the new regulations, that are not yet in force although they have been published, to have any significant influence on the assets, financial and earnings situation. The prerequisites for exemption from the requirement to draw up a group financial statement according to German accounting rules have been met as per § 292a of the German Commercial Code (Handelsgesetzbuch = HGB).

2. Consolidated group, comparability with the previous year

In addition to GFT Technologies Aktiengesellschaft ('GFT AG'), the following subsidiaries were included in the group financial statements as of December 31, 2001 (fully consolidated):

Tochtergesellschaften des 'Altkonzerns'

- GFT Technologies (Schweiz) AG, Wallisellen, Switzerland
- GFT Systems GmbH, Ilmenau
- GFT Solutions GmbH (formerly: ACS Systemberatung GmbH), Hamburg
- GFT Websolutions Kft., Budapest, Hungary
- GFT TransForce GmbH, Stuttgart
- Pixel Factory Inc., New York, NY, USA
- ACS Systems S.A.R.L., Valbonne, France
- GFT Technologies GmbH, Vienna, Austria (included for the first time)
- GFT UK Limited, London, Great Britain (included for the first time)

Subsidiaries also forming part of the 'New Company Group' ('Emagine Group')

- emagine Germany GmbH (in future: GFT Financial Solutions GmbH), Eschborn (included for the first time)
- GFT Iberia Solutions S.A. (previously: emagine Iberia Consulting and Technology, S.A.), Barcelona, Spain (included for the first time)
- Emagine Solutions Inc., Wilmington, Del., USA (included for the first time).

The Emagine Group also included SECUDE Sicherheitstechnologie Informationssysteme GmbH, Darmstadt, which was acquired together with the other three above-mentioned Emagine Group companies on August 1, 2001, but was sold on December 19, 2001. Until its retirement from the consolidated group on December 19, 2001, SECUDE Sicherheitstechnologie Informationssysteme GmbH contributed 1.3 % of the GFT Group's revenues for the year 2001. With regard to the acquisition of the Emagine Group we refer to the explanations given under share ownership.

As the Emagine Group has brought about a significant change relative to December 31, 2000 in the composition of the companies included in the group financial statements, thus impairing comparability with the figures for the previous year, in the column '2001 Old Company Group' the figures for the financial year 2001 have been adjusted in line with the consolidated group for the 2000 financial year. The significant changes to the consolidated group in 2001 thus taken into consideration relate to the four abovementioned Emagine Group accessions; a comparison of the columns '2001 New Company Group' and '2001 Old Company Group' demonstrates the consequences of the inclusion of these subsidiaries for the group's assets, financial and earnings position. The actual figures as of December 31, 2000 are shown as the previous year's figures in the present group financial statements.

The first-time inclusion in the 2001 financial year of GFT Technologies GmbH, Vienna, and GFT UK Limited, London, (within the 'Old Company Group') has not impaired comparability with the previous year. These two companies contributed collectively less than 1% of group revenues in 2001; for this reason their influence has not been shown in explicit detail.

The subsidiary GFT Pixelfactory GmbH, Offenbach am Main, which was fully consolidated in the previous year, was merged with GFT AG (the acquiring entity) on January 1, 2001. The subsidiary B.O.P.R. Gesellschaft für Datenverarbeitung mbH, Hamburg, fully consolidated in the previous year, was also merged with GFT Solutions GmbH, Hamburg on January 1, 2001. Neither merger had any effect on the group financial statements as of December 31, 2001.

The subsidiaries Pixel Factory Inc., New York, and Emagine Solutions Inc., Wilmington, discontinued their operations at the end of 2001 and are to be dissolved in 2002. In neither case is it a case of a discontinuance of a segment as per ISA 35. The share of both companies together of the GFT Group's revenues in 2001 amounted to 0.2 %; their share of the group assets as of December 31, 2001 amounts to 0.1 %.

3. Consolidation methods

The annual financial statements of the companies included in the group, which were drawn up according to standard IAS regulations and were audited by independent auditors, provide the basis for the group financial statements. First-time consolidations were carried out as per IAS regulations at the moment of acquisition, deconsolidations on the relevant date of sale. The relevant dates for the companies included in the group financial statements correspond to the relevant date of the group financial statement (December 31).

Capital consolidation for the subsidiaries which are included is carried out using the acquisition method (book value method). The costs of acquisition of the acquired interests are set off against the book value of the subsidiary's pro rata equity capital on the date of acquisition. Discrepant amounts which later became apparent were incorporated in the group financial statements as goodwill (due to a lack of significant deviations between the attributable figures for assets and debts and those which are shown). These are written off in accordance with

IAS 22. The profit and loss account items for the post-acquisition period are incorporated in the group financial statements pro rata temporis. In accordance with IAS 22, the stock exchange price of the GFT share on the day of the exchange or a minimum price guaranteed for the buyer is taken as an basis for acquisition costs for shares in subsidiaries acquired by transferring GFT shares. This has a substantial influence on the goodwill resulting from the capital consolidation of the shares acquired in 2001 in the Emagine Group's companies and in 2000 in GFT Solutions GmbH and GFT Pixelfactory GmbH.

Internal revenues, expenses and income as well as all accounts receivable and accounts payable between the consolidated companies were eliminated.

Assets contained in the fixed assets and the inventory due to internal trade were adjusted in line with the interim results.

For consolidation processes affecting net income, the consequences for earnings on taxes are taken into consideration and deferred taxes are estimated.

4. Currency conversion

The concept of functional currency is applied when converting financial statements of the included companies which were drawn up on the basis of a foreign currency. Since the foreign companies operate their businesses with economic independence, the assets and the debts as per the balance sheet date price and the expenses and income are converted into average annual prices as per IAS 21. The difference thus arising is applied to the equity capital in a manner not affecting net income and shown there separately. The European Monetary Union became effective as of January 1, 1999; the conversion rates were irrevocably fixed; one € is equal to DM 1.95583.

In accordance with IAS 21, monetary items are valued in foreign currency at the current price at the end of the year in the individual accounts drawn up by consolidated companies in local currency; exchange gains and losses thus resulting have an immediate effect on net income.

5. Associated companies / equity method

The valuation of the holdings in associated companies (equity method) was carried out using the book value method; the offset of capital was carried out at the moment of the acquisition. The valuation carried out in the associated companies' year-end financial statements, which were prepared using the equity method, was in accordance with local law for these companies.

The group financial statements as of December 31, 2001 consider CScout Inc., New York, USA, as an affiliated company. In the financial year 2001 GFT AG acquired 25.1 % of the shares in this company; the discrepancy between the book value of the participation and the associated company's pro rata equity capital on the date of the acquisition amounted to € (k) 277.

6. Summary of principal accounting and valuation methods

Intangible assets

The balancing and valuation of intangible assets is as per IAS 38. Thus acquired intangible assets are to be valued at acquisition costs, less the scheduled linear amortizations. The GFT Group's intangible assets include computer software and acquired goodwill. The software is usually allotted an operating life of three years. After earnings from investments have been committed long-term, goodwill resulting from consolidation measures is subject to linear amortization over a period of ten years, in keeping with

IAS 22. Goodwill not resulting from consolidation measures is mainly written off in a linear fashion over five years, in lesser cases over 15 years. Amortizations begin at the moment of acquisition. The costs of research are recorded as expense at the moment at which they are incurred. If the expected future economic benefit of internal developments cannot reliably be estimated, then developmental costs are recorded as expenses in the period in which they are incurred; thus far, all development costs have been recorded as expenses.

Tangible fixed assets
The tangible fixed assets are reported at acquisition cost, less the scheduled wear-and-tear depreciations. In case of movable tangible fixed assets, the depreciations are effected in a linear fashion over an operating life of three to ten years. The German companies use in the year of acquisition the simplification rule stated in R 44 para. 2 of the German Income Tax Regulations (Einkommensteuer-Richtlinien = EstR) 2001, when referring to movable fixed assets as part of the fixed assets. Low-value assets are fully depreciated in the year of acquisition and their retirement is also assumed in the year of acquisition. Repair work and maintenance costs are recorded as expenses on the dates of their occurrence.

If fixed assets are leased and the relevant group company has economic ownership of these ('finance lease'), then these will be capitalized at the current market rate attributable at the beginning of the lease or at the lesser present value for the lease installments as per IAS 17 and will be depreciated as per their operating life; the corresponding payment obligations resulting for future lease installments are carried as liabilities. If the lessor is the economic owner, the lease installments are recorded as expenses in a linear fashion for the term of the lease ('operating lease').

If non-scheduled depreciations occur in the fixed assets, including the intangible assets, then in keeping with IAS 36 a decision will be made on the basis of the future payment flows whether the concerned assets are to be depreciated at their market or current values. Reinstatements of original values relating to fixed (and current) assets are carried out if there are no longer any reasons for non-scheduled depreciations.

Financial assets
The shares in affiliated companies and other participations are estimated as acquisition costs, the participations in associated companies at equity, in each case observing the principle of the lower of cost or market.

Work and goods in progress
Work in progress is handled according to IAS 11 as per the realization of order revenues in terms of their completion status and related job costs. Profits are thus realized as per the services rendered as of the relevant balance sheet date; the projects' completion status is determined on the basis of the employees'/subcontractors' project times. Losses resulting from projects are recorded immediately as expenses.

Goods are valued at purchase cost or lower attributable values on the date of the relevant balance sheet.

Receivables and securities
Trade accounts receivable are reported in the balance sheet at face value; discernible individual risks are taken into consideration through value adjustments.

Securities are assessed at the time of their initial accounting at their acquisition costs, subsequently at their attributable current values in accordance with IAS 39. All income and expenses due to short-term finance investments are recorded in terms of their effect on the current-period result.

Accruals
The pension reserves are determined according to the 'projected unit credit method' in accordance with IAS 19; these are service-orientated plans.

The 'other provisions' take into consideration all discernible commitments to third parties as per IAS 37. The levels of the reported provisions are reported in accordance with the probable amounts.

Taxes on income
The actual taxes on income are determined in accordance with the tax law stipulations of the countries in which the relevant company is active.

The calculation of deferred taxes on income as per IAS 12 includes the calculation of deferred taxation relating to different valuations for assets and liabilities in the commercial balance sheet (IAS) and tax balance sheet, relating to consolidation processes and to realizable tax losses brought forward (balance sheet liability method). Deferred tax assets for deductible temporary differences and for tax losses brought forward which exceed temporary differences subject to taxation, are shown only insofar as it can be with sufficient probability be assumed that the respective company will achieve enough taxable income to realize the benefit in question. Deferred taxes and liabilities are shown separately in the balance sheet. The deferred taxes are assessed as per the tax rates applicable on the balance sheet date or which have been made legally valid for the future. For operations within Germany, mixed tax rates are reported which are particular to each company; these consider the corporate income tax and trade tax implications, which are between 36.8 % and 40.1 %.

Other assets and liabilities, costs of debts
The other assets and liabilities are shown in the balance sheet at face value or at repayment value.

Costs of debts are recorded as expenditure in the period in which they arise, without taking the use of the borrowed capital into consideration.

Use of estimates
The preparation of financial statements in accordance with the International Accounting Standards requires estimates and assumptions from the management which affect the amounts of the assets and debts shown in the balance sheet, the earnings and expenses, and the contingent liabilities, and also the manner in which these are shown. The actual results may deviate from these estimates.

7. Explanations of the balancing, valuation and consolidation methods which deviate from German Commercial Law.

In keeping with IAS 12, taxation has been deferred with respect to losses brought forward, thus departing from HGB regulations. The company pension reserves are determined according to IAS 19 using the 'projected unit credit' method, and do not conform to HGB regulations. Likewise, income and expenses from project business was realized according IAS 11, and not according to HGB regulations.

Details of Balance Sheet and Profit and Loss Statement

8. Fixed assets

The changes of the GFT Group's fixed assets is shown in the table below.

The accessions resulting from the change in the consolidated group refer to the following subsidiaries incorporated in the group financial statements for the first time:

- emagine Germany GmbH, Eschborn
- GFT Iberia Solutions, S.A., Barcelona, Spain
- Emagine Solutions Inc., Wilmington, Del., USA
- SECUDE Sicherheitstechnologie Informationssysteme GmbH, Darmstadt
- GFT Technologies GmbH, Vienna, Austria;

Changes in Group Fixed Assets

	At cost					
	Balance as of 01/01/2001	Additions due to the change to the consolidated group	Additions	Disposals	Disposals due to the change to the consolidated group	**Balance as of 31/12/2001**
	€	€	€	€	€	**€**
Intangible Assets						
Licences, industrial property rights and similar rights	2,034,499.07	1,354,821.60	1,216,803.18	135,974.29	57,207.30	4,412,942.26
Goodwill	30,234,335.35	27,125,829.17	0.00	0.00	0.00	57,360,164.52
	32,268,834.42	28,480,650.77	1,216,803.18	135,974.29	57,207.30	61,773,106.78
Tangible Fixed Assets						
Other assets, plant and equipment	6,216,751.13	12,390,875.23	3,399,329.05	1,835,330.52	636,124.87	19,535,500.02
Financial Assets						
Shares in affiliated companies	35,077.67	-35,077.67	0.00	0.00	0.00	0.00
Investments in associated companies	0.00	0.00	317,230.64	0.00	0.00	317,230.64
Other investments	1,127,341.58	0.00	0.00	0.00	0.00	1,127,341.58
	1,162,419.25	-35,077.67	317,230.64	0.00	0.00	1,444,572.22
	39,648,004.80	**40,836,448.33**	**4,933,362.87**	**1,971,304.81**	**693,332.17**	**82,753,179.02**

Goodwill due to Capital Consolidation Measures

	31/12/2001 €(k)	31/12/2000 €(k)
GFT Iberia Solutions S.A.	19,385	–
GFT Solutions GmbH	14,554	16,535
segment for former company GFT Pixelfactory GmbH	7,243	8,174
emagine Germany GmbH	5,688	–
GFT Systems GmbH	421	481
other subsidiaries	245	282
	47,536	25,472
goodwill from individual accounts for GFT Iberia Solutions, S.A.	778	–
goodwill from individual accounts for GFT AG	80	89
	48,394	25,561

both the historical acquisition costs and the cumulative write-off for these companies are shown in the corresponding columns in the fixed-asset movement schedule as of the dates of acquisition. The asset retirements resulting from the change in the consolidated group are due to the deconsolidation of SECUDE Sicherheitstechnologie Informations-systeme GmbH on the date of sale.

€ 47,536 (k) of the goodwill reported as of December 31, 2001 (previous year € (k) 25,472) is due to capital consolidation measures and has the following makeup:

The other intangible fixed assets relate to software.

Depreciation						Book value	
Balance as of 01/01/2001	Additions due to the change to the consolidated group	Depreciation of the financial year	Disposals	Disposals due to the change to the consolidated group	**Balance as of 31/12/2001**	**Balance as of 31/12/2001**	Balance as of 31/12/2000
€	€	€	€	€	**€**	**€**	€
1,408,474.50	820,516.27	523,603.38	35,948.75	35,972.30	2,680,673.10	1,732,269.16	626,024.57
4,673,547.16	95,308.50	4,197,592.19	0.00	0.00	8,966,447.85	48,393,716.67	25,560,788.19
6,082,021.66	915,824.77	4,721,195.57	35,948.75	35,972.30	11,647,120.95	50,125,985.83	26,186,812.76
3,322,464.11	7,289,688.85	3,021,770.06	1,697,646.61	370,179.67	11,566,096.74	7,969,403.28	2,894,287.02
0.00	0.00	0.00	0.00	0.00	0.00	0.00	35,077.67
0.00	0.00	22,900.04	0.00	0.00	22,900.04	294,330.60	0.00
60,915.37	0.00	513,758.87	0.00	0.00	574,674.24	552,667.34	1,066,426.21
60,915.37	0.00	536,658.91	0.00	0.00	597,574.28	846,997.94	1,101,503.88
9,465,401.14	**8,205,513.62**	**8,279,624.54**	**1,733,595.36**	**406,151.97**	**23,810,791.97**	**58,942,387.05**	**30,182,603.66**

9. Investment holdings

As of December 31, 2001 GFT AG held direct and indirect shares in the following companies:

Investment Holdings of GFT AG

Name	Headquarters	Share of capital	Equity capital 31/12/2001		Result for the financial year	
Direct investments						
GFT Technologies (Schweiz) AG	Wallisellen, Switzerland	99.0 %	CHF	1,021,552.82	CHF	233,911.37
GFT Systems GmbH	Ilmenau	81.0 %	€	1,560,543.12	€	344,548.53
GFT Solutions GmbH	Hamburg	100 %	DM	7,530,408.10	DM	3,101,051.92
GFT Websolutions Kft.	Budapest	100 %	HUF	23,957,202	HUF	2,559,702
GFT TransForce GmbH	Stuttgart	100 %	€	–116,247.35	€	–166,247.35
GFT Technologies GmbH	Vienna	100 %	ATS	331,590.67	ATS	–11,179.03
GFT UK Limited	London	100 %	GBP	–533,534	GBP	–533,535
Pixel Factory Inc.	New York	100 %	USD	–321,396.63	USD	–145,933.43
emagine Germany GmbH	Eschborn	100 %	€	24,744,746.31	€	–5,863,528.94
GFT Iberia Solutions, S.A.	Barcelona	100 %	PTAS	877,991,000	PTAS	126,496,000
CScout Inc.	New York	25.1 %	USD	168,095.94	USD	–91,479.38
Plumb Design Inc.	New York	18.7 %	USD	1,638,888	USD	–2,710,399
Indirect investments						
ACS Systems S.A.R.L.	Valbonne, France	51.0 %	€	–76,666.00	€	2,499.10
Emagine Solutions Inc.	Wilmington, Del., USA	100 %	USD	5,403.00	USD	–2,549,594.00

The participations in associated companies shown in the balance sheet relate to the participation in CScout Inc., the other participations shown relate to the participation in Plumb Design Inc., both of New York, USA. Depreciations amounting to € (k) 514 were made in respect of the participation in Plumb Design Inc. on December 31, 2001.

On December 31, 2001 GFT AG had a shareholder contribution commitment amounting to € (k) 2,158 which related to the acquisition of the remaining shares in GFT Solutions GmbH (including the now-merged company B.O.P.R. Gesellschaft für Datenverarbeitung mbH); these shares were already acquired in the financial year 2000. The level of the contribution was regulated by a guaranteed minimum price for the issued GFT shares which was agreed in the capital contribution agreement; this was not yet certain in the group financial statements for the previous year and was not concretized until December 31, 2001. The costs of acquiring this company having already been assessed in the group financial statements for the previous year on the basis of the guaranteed minimum price for the issued GFT shares, the shareholder contribution of € (k) 2,158 did not lead to an increase in goodwill, but rather to a reduction of the capital reserve shown in the previous year.

As of August 1, 2001, GFT AG acquired all the shares in emagine Germany GmbH (in future: GFT Financial Solutions GmbH), Eschborn, and GFT Iberia Solutions, S.A. (previously: emagine Iberia Consulting and Technology, S.A.), Barcelona, Spain. Due to the shares held in emagine Germany GmbH, GFT AG therefore indirectly assumed all the shares in Emagine Solutions Inc., Wilmington, Delaware, USA, and 60 % of the shares in SECUDE Sicherheitstechnologie Informationssysteme GmbH, Darmstadt (as a whole: 'Emagine Group'). emagine Germany GmbH sold its shares in SECUDE Sicherheitstechnologie Informationssysteme GmbH on December 19, 2001; this led to a disposal loss of € (k) 202.
The shares in emagine Germany GmbH and GFT Iberia Solutions, S.A. were contributed within the framework of an increase in capital in return for a contribution in kind while utilizing a part of the authorized capital and with an exclusive subscription right for the contributing company; 6,581,487 individual share certificates were issued in the process. The contributing company was ARGFRAN Beteiligungs Aktiengesellschaft, a subsidiary of Deutsche Bank AG, both of Frankfurt am Main, which thereby acquired 25.00 % of the shares in GFT AG.
In accordance with the capital contribution and takeover agreement between GFT AG and the contributing company relating to the contribution of the Emagine Group, the contributing company guarantees that the Emagine Group has certain capital and operating funds as of the contribution date.
For this reason, the contributing company remains obliged to make payments; the level of these has not yet been conclusively determined, however. In GFT AG's group financial statements as of December 31, 2001, this claim is capitalized and amounts to € 12m.; in case of it being assessed differently, there may yet be shifts between the receivables from the contributing company (or the liquid assets) and goodwill. Moreover, there exists a contractual right of repayment in respect of compensation for losses accrued by Emagine Solutions Inc., Wilmington, in the period from August 1, 2001 to December 31, 2001. The repayment claim for the US losses has been capitalized in the group financial statements of December 31, 2001 and amounts to € 1.5m.
Since the implementation of the share capital increase of € 6,581,487.00 had not yet been registered in the German Commercial Register on the balance sheet date, the capital contributions paid are shown in the special account 'Capital contributions to carry out the Resolved Increase in Capital' (€ 50,532,657.19). In the financial statements for the previous year this account related to the capital increases in return for contributions in kind of the remaining shares in GFT Solutions GmbH, B.O.P.R. Gesellschaft für Datenverarbeitung mbH, both of Hamburg, and GFT Pixelfactory GmbH, Offenbach am Main (€ 10,096,187.95).

10. Work in progress and trade receivables

The goods to hand on the balance sheet date relate to hardware and software envisaged for sale as part of projects.

All the trade receivables have remaining terms of less than one year. Necessary individual value adjustments on the basis of the probable non-payment risk have been earmarked as € (k) 836 (previous year € (k) 312). The trade accounts receivable include accounts receivable from realized revenues – as per IAS 11 – from projects in progress as of the balance sheet date, amounting to € (k) 8,961 (previous year € (k) 5,415), less advance payments received in this connection, amounting to € (k) 5,551 (previous year € (k) 2,438).

11. Other receivables and current assets

The other receivables and current assets are as follows:

Other Receivables and Current Assets

	31/12/2001 €(k)	31/12/2000 €(k)
Receivable from Emagine Group capital contribution agreement	12,000	–
Receivable from repayment of losses of Emagine Solutions Inc.	1,528	–
Accruals	475	369
Security deposits	390	106
Employer's pension liability insurance assets	340	354
Accounts receivable loans	88	14
Loans to employees	59	61
Receivable from grants	48	–
Loans to affiliated companies - previous year: all trade accounts payable	–	114
Assets marked for sale	–	95
Accruals and deferrals on interest	–	21
Mark-down	–	0
Other	116	71
	15,044	1,205
- thereof with a remaining term of more than one year:	313	468

In respect of the receivables from the Emagine Group capital contribution agreement and from the repayment of Emagine Solutions Inc.'s losses we refer to the explanations given under share ownership (9).

12. Securities and liquid assets

The securities held by the GFT Group as of December 31, 2001 consist of shares in equity, investment and money market funds and shares in an international IT company. A depreciation value of € (k) 580 (previous year € (k) 1,290) resulted from an evaluation at the attributable current market value as per IAS 39.

The liquid assets include cash (€ (k) 12, previous year € (k) 10) and short-term liquid deposits held by banks (€ (k) 20,498; previous year € (k) 17,358).

13. Equity capital

In respect of equity capital development during the financial years 2000 and 2001, we refer to the separate analysis on page 45.

As of December 31, 2001, the share capital of € 19,744,459.00 is made up of 19,744,459 nonpar value individual share certificates; they are made out in the name of the holder and all confer equal rights. In the 2001 financial year the share capital increased from € 19,500,000.00 to 19,744,459.00 through the entry made in the German Commercial Register on July 4, 2001 relating to the implementation of the capital increases with the previous year's contributions in kind.
As in the previous year, the authorized but unissued capital amounts to € 780,000.00.
The group's balance sheet deficit (previous year: profit) as of December 31, 2001 con-

tains a carry forward from the previous year amounting to € (k) -448 (previous year € (k) -341).

According to the resolution of the annual general meeting of May 16, 2000, the Executive Board is authorized to increase the share capital, once or several times, by a total of up to € 9,750,000.00 by issuing new shares for cash contributions or contributions in kind in the period up until May 5, 2004, with the consent of the Supervisory Board (authorized capital). In the 2000 financial year the Executive Board issued 244,459 shares, utilizing a part of this authorized capital whilst acquiring further shares in subsidiaries. Since an entry had not been made in the German Commercial Register, in the balance sheet for the previous year this first capital increase resulting from the authorized capital was shown under the item 'Capital contributions to carry out the Resolved Increase in Capital'. In the 2001 financial year the Executive Board issued a further amount of 6,581,487 shares, utilizing a further part of the authorized capital whilst acquiring shares in two other companies. These shares were correspondingly subscribed. Since the increase in capital had not been registered in the German Commercial Register on the balance sheet date, it has been shown under the item 'Capital contributions to carry out the Resolved Increase in Capital'. This second capital increase resulting from the authorized capital was entered on February 20, 2002. We refer to the explanations given under share ownership. Of the authorized capital, € 2,924,054.00 therefore still remains available.

Special Item: 'Capital Contributions to carry out the Resolved Increase in Capital'

	€
As of 1/1/2000	**0.00**
Resolutions to utilize authorized capital for capital increases and contributions in kind in the 2000 financial year	10,096,187.95
As of 31/12/2000	**10,096,187.95**
Implementation of the capital increases with contributions in kind on July 4, 2001	-10,096,187.95
Resolutions to utilize authorized capital for capital increases and contributions in kind in August 2001	50,532,657.19
As of 31/12/2001	**50,532,657.19**

The special item 'Capital contributions to carry out the Resolved Increase in Capital' developed as follows:

There is no transfer to the statutory reserves because, on the one hand, there is no annual net profit for GFT AG, and on the other, the statutory reserve fund as per § 150 para. 2 of the German Company Law (Aktiengesetz = AktG) is already more than 10 % of the share capital due to the high capital reserves as per § 272 para. 2 no. 1 HGB.

Conditional capital and stock options program
The extraordinary shareholders' meeting which took place on June 4/24, 1999 approved a conditional equity capital increase through an issue of up to 260,000 individual share certificates (corresponding to 780,000 individual share certificates following the 1:3 stock split of May 16, 2000) permitting subscription rights exclusively through stock options programs as well as the basic features of stock option programs

to be launched by the Executive Board. The conditional capital increase will only executed if the holders of the subscription rights issued exercise their right of subscription as per § 192 para. 2 no. 3 AktG. Beneficiaries are exclusively members of the Executive Board and employees of GFT Technologies AG and of wholly owned subsidiaries who have been granted subscription rights. The subscription rights are non-transferable except in the event of death of the holder and will lapse if the subscription right holder leaves an employment relationship with a company of the GFT Group. The figures given below in respect of the stock options program have been adjusted in line with the 1:3 stock split of May 16, 2000; the adjustment will be made de facto when the subscription right is exercised.

On June 24 / August 25,1999, the Executive Board adopted an initial stock options program 'Optional conditions for the issue of subscription rights of GFT Technologies AG 1999/2004' with the authorization of the shareholders' meeting of June 4, 1999 and with the consent of the Supervisory Board.

This stock options program concerns subscription rights for up to 379,179 individual share certificates for the approved conditional capital increase of € 780,000 (= 780,000 individual share certificates). According to this program, a subscription right authorizes the holder to acquire one individual share certificate of GFT AG at the placement price fixed within the framework of the admission to stock exchange dealing (subscription price € 7.67/share). The subscription rights were acquired in the period from June 1 to June 25, 1999. On fulfillment of the performance criterion the exercise of the subscription rights will take place in three exercise tranches of equal size during specific exercise phases starting from November 2001. According to the performance criterion subscription is possible if the average price of the GFT share at the time of the exercise phase exceeds the subscription price of € 7.67 by 40 %. Since the performance criterion was not met, it was not possible to exercise the first exercise tranche in November 2001; however, it has not expired and may be exercised together with the next exercise tranche in November 2002 if the performance criterion is met.

Stock of issued Subscription Rights

Subscription rights to one share each	Stock options program 1999	Stock options program 2000	Total
Subscription rights as of 1/1/2000	**379,179**	**0**	**379,179**
thereof employees	345,834	0	345,834
thereof Executive Board	33,345	0	33,345
newly issued subscription rights in 2000	0	163,350	163,350
subscription rights that lapsed in 2000	-28,152	-3,150	-31,302
Subscription rights as of 31/12/2000	**351,027**	**160,200**	**511,227**
thereof employees	317,682	122,700	440,382
thereof Executive Board (including future Executive Board members)	33,345	37,500	70,845
newly issued subscription rights in 2001	0	0	0
subscription rights that lapsed in 2001	-34,359	-14,550	-48,909
Subscription rights as of 31/12/2001	**316,668**	**145,650**	**462,318**
thereof employees	283,323	108,150	391,473
thereof Executive Board	33,345	37,500	70,845

With the resolution passed on May 30, 2000, the Executive Board, with the consent of the Supervisory Board, started another 'Stock Options Program 2000/2005' in respect of subscription rights for up to 163,350 individual share certificates of the authorized but unissued capital of € 780,000. According to this program, a subscription right authorizes the holder to acquire one individual GFT AG share certificate at € 51.90. On fulfillment of the performance criterion the subscription rights will be exercised in three exercise tranches of equal size during specific exercise phases starting from November 2002. Subscription is possible after fulfillment of the performance criterion if the average price of the GFT share at the time of the exercise phases exceeds the subscription price of € 51.90 by 25 %.

The stock of issued subscription rights developed as shown on page 58 in the 2001 financial year:

Since the shares to be issued resulted from a conditional increase in capital, the company is not encumbered by the stock options programs; a capital contribution into the capital reserve is not necessary either. The stock options programs have not therefore had any effects on the balance sheet for the 2001 financial year.

15. Accruals for pension

The company accruals for pension shown concern direct obligations resulting from individual commitments to managers of three subsidiaries who were active on December 31, 2001; one of these managers will be a pension recipient from the financial year 2002 onwards. The actuarial reports drawn up for the valuation are dated December 13, 2001 and January 10 and 17, 2002; the expected annuity development which was taken as a basis for assessment amounts to 2.0 %, 1.0 % and 2.5 %, the expected salary development amounts to 0.0 %, 0.0 % and 3.5 %, and the interest rate for accounting purposes to 5.75 %, 6.0% and 5.8 %. Assumptions regarding the average rate of fluctuation were not necessary due to the low level of persons (0.0 %). The mortality rate assumptions are based on the 1998 version of the mortality charts compiled by Dr. Klaus Heubeck. In the 2000 financial year an outcome of € (k) -124 (previous year € (k) 13) resulted from the changes in pension obligations, including employer's pension liability insurance.

14. Minority Interests

In the 2001 financial year, minority interests changed as follows:

Minority Interests

	2001 €(k)	2000 €(k)
As of January 1	212	742
Additions resulting from first-time consolidations	440	38
Disposals resulting from reduction in minority interests	–	-669
Disposals resulting from deconsolidation	-268	–
Share in result for the financial year	-110	101
As of December 31	**274**	212

16. Taxes on income

The income tax expenditure shown in the balance sheet refers to:

Income Tax Expenditure

	2001 €(k)	2000 €(k)
actual tax expenditure	1,287	3,935
deferred tax proceeds/deferred tax expenditure (net)	-3,529	327
tax proceeds (previous year: expenditure)	**-2,242**	**4,262**

The provisions for taxation of € (k) 987 (previous year € (k) 2,907) refer exclusively to actual income tax liabilities. The tax claims amounting to € (k) 1,054 (previous year € (k) 169) contain actual income tax claims amounting to € (k) 963 (previous year. € (k) 66), the remaining tax claims relate to other, non-income-related taxes.

Deferred tax claims and liabilities have been balanced where they refer to the same tax authority. In the balance sheet they have thus been recorded as follows:

Deferred Tax Claims and Liabilities

	2001 €(k)	2000 €(k)
Deferred tax claims (deferred tax assets)	4,640	130
Deferred tax obligations (deferred tax liabilities)	1,214	998

The deferred tax accruals and deferrals are attributable to the individual balance sheet items as follows:

Deferred Tax Accruals and Deferrals

	2001 €(k)	2000 €(k)
tax losses brought forward	4,472	44
anniversary provisions	134	–
pension reserves	34	14
other reserves	–	72
Deferred tax assets	**4,640**	**130**
receivables	1,152	959
liabilities	56	33
pension reserves	6	6
Deferred tax liabilities	**1,214**	**998**

No deferred tax assets were established for subsidiaries' accumulated tax losses brought forward (€ 6m.) as a future set-off is not currently expected.

The transition between the applicable tax rate for the GFT Group and the German tax rate for GFT AG of 39.0 % (previous year 46.0 %) is as follows:

Transition Tax Rate

	2001 €(k)	2000 €(k)
earnings before taxes	-4,531	5,931
expected tax proceeds (previous year: expenditure) at 39 % (previous year 46 %)	-1,767	2,728
non-deductible goodwill depreciation	1,603	1,390
other non-deductible expenditure	49	37
losses for which no tax claims can be shown in the balance sheet	1,132	132
tax rate differences	-346	-31
tax losses for individual companies which did not appear in the group	-2,874	–
other tax effects	-39	6
effective tax proceeds (previous year: expenditure)	**-2,242**	4,262
effective tax rate	49.5 %	71.9 %

17. Other accruals

The other accruals developed as follows in the 2001 financial year:

The accessions resulting from the change in the consolidated group refer to the following subsidiaries incorporated in the group financial statements for the first time:

- emagine Germany GmbH, Eschborn
- GFT Iberia Solutions, S.A., Barcelona, Spain
- Emagine Solutions Inc., Wilmington, Del., USA
- SECUDE Sicherheitstechnologie Informationssysteme GmbH, Darmstadt
- GFT Technologies GmbH, Vienna, Austria;

The asset retirements resulting from the change in the consolidated group are due to the deconsolidation of SECUDE Sicherheitstechnologie Informationssysteme GmbH on the date of sale.

Other Accruals

	As of 1/1/2001 €(k)	Additions from change in consolidated group €(k)	Consumption Release (R) €(k)	Transfer €(k)	Additions from change in consolidated group €(k)	As of 31/12/2001 €(k)
Employee provisions/bonuses/ anniversaries/settlements	1,962	2,926	4,880 8 (R)	6,745	542	6,203
Outstanding purchase invoices	338	3,755	4,093	2,413	6	2,407
Vacation obligations	1,085	982	2,066	1,607	97	1,511
Credit notes not yet issued	315	433	317	841	0	1,272
Guarantees	262	122	225 28 (R)	236	22	345
Employer's liability insurance contributions	156	35	176 15 (R)	267	0	267
Other	794	914	670 40 (R)	1,775	78	2,695
	4,912	**9,167**	**12,427** **91 (R)**	**13,884**	**745**	**14,700**

18. Liabilities

The remaining terms and collateral provisions for liabilities are shown in the following summary:

Liabilities

	Due within a period of up to 1 year €	Due within a period of more than 5 years €	Total amount 31/12/2001 €	Thereof secured by rights of lien and similar rights €	Nature and type of the security
Long-term financial liabilities	0.00 (pr. yr. €(k) –)	0.00 (pr. yr. €(k) –)	1,566.36 (pr. yr. €(k) 14)	1,566.36 (pr. yr. €(k) 14)	Transfer by way of security – vehicles
Short-term financial liabilities	3,015,646.04 (pr. yr. €(k) 4,962)	0.00 (pr. yr. €(k) –)	3,015,646.04 (pr. yr. €(k) 4,962)	39,416.79 (pr. yr. €(k) 86) 0.00 (pr. yr. €(k) 483)	Assignments as security – motor vehicles Assignment of receivables
Trade liabilities	17,445,321.86 (pr. yr. €(k) 3,803)	0.00 (pr. yr. €(k) –)	17,445,321.86 (pr. yr. €(k) 3,803)		Ordinary retentions of title
Tax liabilities	5,891,470.49 (pr. yr. €(k) 2,010)	0.00 (pr. yr. €(k) –)	5,891,470.49 (pr. yr. €(k) 2,010)		
Other short-term liabilities	5,368,443.72 (pr. yr. €(k) 2,406)	0.00 (pr. yr. €(k) –)	5,368,443.72 (pr. yr. €(k) 2,406)		
- thereof for social security	1,136,435.68 (pr. yr. €(k) 773)				
	31,720,882.11 (pr. yr. €(k) 13,181)	**0.00** (pr. yr. €(k) –)	**31,722,448.47** (pr. yr. €(k) 13,195)		

The concern the following:

Financial Liabilities

	31/12/2001 €(k)	31/12/2000 €(k)
Bank liabilities		
Amounts due to banks	1	14
Short-term financial liabilities		
Amounts due to banks	3,016	2,879
Liabilities on bills drawn	-	2,045
Amounts due to pre-IPO shareholders	-	38
	3,016	4,962
	3,017	4,976

In respect of the amounts due to pre-IPO shareholders, reference is made to the report concerning the affiliated persons (31).

Other short-term liabilities are made up as follows:

Other Short-term Liabilities

	31/12/2001 €(k)	31/12/2000 €(k)
Remaining purchase price for shares in affiliated companies (GFT Solutions GmbH)	2,158	370
Amounts due as social security contributions	1,136	773
Payments received on account of orders	469	467
Deferred items (mainly maintenance revenues)	257	268
Loans to employees	169	211
Credit receivables	131	5
Severe disablement contribution	70	31
Loans to associated companies	–	11
- previous year: all trade accounts payable		
Other	979	270
	5,369	**2,406**

19. Revenues

Revenues by Type and Region

	2001 €(k)	2000 €(k)
By revenue type		
Consulting and software development	109,147	80,067
Freelance Agency	30,815	–
Sale of software products	2,537	3,052
Maintenance proceeds	2,943	1,519
Other turnover	2,419	1,816
	147,861	**86,454**
By region *		
Germany	116,311	67,774
Foreign	31,550	18,680
	147,861	**86,454**

* According to location of client's head office

20. Segmental reporting

Segmental reporting for the GFT Group is carried out in accordance with IAS 14, whereby the business spheres Frontend, Backend, Products and Freelance Agency are defined as primary report segments; the Freelance Agency segment was introduced for the first time in the financial year 2001 due to the incorporation of the Emagine Group. Here Frontend is considered to include graphical user interfaces (as sub-concepts of web-based solutions) that facilitate presentations, interaction, navigation and communication for the user, while Backend refers to established operational systems that support existing business processes. The Products segment covers the business area of internal software product development and distribution. In the Freelance Agency segment the placing of freelance IT specialists is summarized. The reporting which relates to the business spheres is shown on page 72.

In addition to segment data by field of business, oriented by company structure, the following tables contain regional data in accordance with IAS 14 (secondary information). Following the increase in the significance of foreign business operations, from the 2001 financial year onwards foreign activities are shown for the major countries.

21. Other operating income

Other Operating Income

This item includes:	2001 €(k)	2000 €(k)
Repayment of losses of Emagine Solutions Inc.	1,528	–
Payment in kind / private vehicle use employees	505	372
Income from previous year's legal disputes	423	–
Income from sale of Min-Oil	230	–
Income from sale of SECUDE Sicherheitstechnologie Informationssysteme GmbH	200	–
Brokerage and placement income	171	–
Public subsidies	143	137
Reversal of reserve funds	91	46
Income from exchange differences	44	242
Stock market gains from the sale of securities relating to current assets	–	104
Other	953	402
	4,288	**1,303**

In respect of the repayment of Emagine Solutions Inc.'s losses we refer to the explanations given under share ownership (9).

In the 2001 financial year the company disposed of the product Min-Oil, certain customer projects, maintenance agreements and client relations, as well as the encumbrances associated with these, at a sale price of € (k) 230.

Regional Data in accordance with IAS 14

in €m.	External revenues for group*		Book value for segmental assets		Investments in tangible fixed assets and intangible assets	
	2001	2000	**2001**	2000	**2001**	2000
Germany	116.3	67.8	118.9	66.8	2.8	3.2
Spain	15.9	–	18.4	–	1.4	–
Switzerland	8.3	4.7	4.4	2.3	0.2	0.2
Other foreign countries	7.4	13.9	1.4	0.8	0.2	0.1
Total	147.9	86.4	143.1	69.9	4.6	3.5

* According to location of client's head office

The public subsidies consist of grants funded by the German government and federal states to support particular projects and also by local sponsor companies in Spain and France. They were provided as percentages of accrued costs and were recorded in accordance with IAS 20 as income in the period of subsidization. The public subsidies also include integration grants from the German Federal Employment Agency. Where grants were received for investments made, these were assumed to affect net income for the operating life of the investment.

The other operating income in 2001 includes income amounting to € (k) 923 (previous year € (k) 88) which is attributable to another financial year.

Other Operating Expenses

	2001 € (k)	2000 € (k)
Operating expenses	7,224	3,765
Sales expenses	9,765	8,366
Administrative expenses	6,867	4,556
Disposal value SECUDE Sicherheitstechnologie Informationssysteme GmbH	402	–
Other operating expenses	1,411	380
	25,669	17,067

22. Cost of materials, personnel expenses

Apart from expenditure on software and hardware resold during projects (€ (k) 1,220; previous year € (k) 856), the cost of materials is almost entirely attributable to expenditure for freelance employees (consultants, software developers) and subcontractors, including expenses for the Freelance Agency's revenues.

The wages and salaries contain amounts of € (k) 181 (previous year € (k) –) not relating to the period under review. The expenditure on old-age pension schemes amounted to € (k) 779 (previous year € (k) 54).

23. Depreciation

The depreciations contain goodwill amortization resulting from consolidation measures amounting to € (k) 4,109 (previous year € (k) 3,022).

24. Other operating expenses

The other operating expenses contain amounts of € (k) 184 in 2001 and € (k) 27 in 2000 not relating to the period under review.

25. Research and development outlays

In the 2001 financial year, a total of € (k) 2,675 was recorded as expenses for research and development outlays (previous year € (k) 2,153).

26. Interest income and expenditure

Interest income mainly resulted from fixed-term deposits, fixed yield securities and other bank interest.

Interest expenditure mainly relates to bank interest for short-term financial obligations.

Further Details

27. Cash-flow statement

The GFT Group's cash-flow statement for the financial year 2001 is shown on page 46. The supplementary information as per IAS 7 is as follows:

The funds on which the cash-flow statement is based consist of liquid assets (bank cash holdings and deposits); it corresponds to the balance sheet item of the same name.

The cash-flow resulting from taxes on income for the financial year 2001 amounts to € (k) –4,591 (net pay-out; previous year € (k) –1,756); like the cash-flow resulting from interest, it is included in the cash-flow resulting from ongoing business activities. Interest paid during the financial year 2001 amounted to € (k) 454 (previous year € (k) 432), deposits of interest income to € (k) 643 (previous year € (k) 787).

The depreciation on marketable securities has made itself felt in the other expenditure which did not affect payments. The acquisitions of shares in subsidiaries only reduced the fund by the value of the actual payments; where the acquisitions were paid for by issuing GFT shares, no outflow of funds occurred (see share ownership).

The following table provides information relating to the company acquisitions in 2001:

Company Acquisitions

	Purchase price € (k)	Cash proportion of purchase price %	Cash acquisitions € (k)	Other acquired assets € (k)	Acquired liabilities € (k)
Acquisition 2001					
Included companies	54,990	8.1	9,335	58,209	38,277
thereof					
Fixed assets				6,824	
Current assets				51,385	
Accruals					7,558
Liabilities					30,719

The following table provides information relating to the sale of companies in 2001:

Sale of Companies

	Sale price €(k)	Cash proportion of purchase price %	Cash disposals €(k)	Other asset disposals €(k)	Disposals of liabilities €(k)
Sale 2001					
Included companies	200	100.0	128	2,255	1,913
thereof					
Fixed assets				287	
Current assets				1,968	
Accruals					744
Liabilities					1,169

Earnings per Share as per IAS 33

	2001 €	2000 €
Undiluted earnings per share as per IAS 33	**-0.10**	0.08
- current result allowed for	-2,179,728	1,567,890
- no. of ordinary shares allowed for	22,503,274	19,500,000
Diluted earnings per share as per IAS 33	**-0.10**	0.08
- current result allowed for	-2,179,728	1,567,890
- no. of ordinary shares allowed for	22,503,274	19,830,868

Earnings per Share as per the DVFA/SG method

	2001 €	2000 €
Undiluted earnings per share as per DVFA/SG	**-0.09**	0.08
Diluted earnings per share as per DVFA/SG	**-0.09**	0.08
Undiluted earnings per share as per DVFA/SG prior to goodwill amortization resulting from consolidation measures	**0.09**	0.24
Diluted earnings per share as per DVFA/SG prior to goodwill amortization resulting from consolidation measures	**0.09**	0.23

28. Earnings per share

The GFT Group's earnings per share as per IAS 33 are shown in the following table; the group result was adjusted in accordance with minority shares in the result.

GFT AG's stock options programs may create potential diluting ordinary shares. As of December 31, 2001, it is not necessary to calculate the diluted earnings per share, since as of the balance sheet date none of the stated criteria for the exercise of the subscription rights has been met (see also explanation 13).

The earnings per share as per the DVFA/SG (German Association of Financial Analysts and Investment Consultants/Schmalenbachgesellschaft) method amount to:

29. Contingencies

As of the balance sheet date, an absolute guarantee remained applicable in respect of the now-concretized shareholder contributions which relate to the acquisition in 2000 of the remaining shares in GFT Solutions GmbH (including the now-merged B.O.P.R. Gesellschaft für Datenverarbeitung mbH), amounting to € (k) 1,772; the guarantee expired in January 2002 when the transaction was made.

30. Other financial obligations

Other Financial Obligations

	2001 €(k)	2000 €(k)
Orders for investments in fixed assets	–	9
Order commitment for consulting services	473	–
Obligations resulting from rental, leasing and licensing agreements:		
- 2002	7,421	3,019
- 2003 – 2005	19,277	3,115
- 2006 onwards (excluding obligations unlimited in time)	1,562	228
	28,260	6,362
Annual obligations due to open-ended rental agreements	1,739	168

31. Relationships with affiliated companies and persons

Since February 20, 2002, Deutsche Bank AG including its subsidiary ARGFRAN Beteiligungs Aktiengesellschaft, both of Frankfurt am Main, holds 25.04 % of the shares in GFT AG. 25.00% of the share ownership arose through the ARGFRAN Beteiligungs Aktiengesellschaft's contribution of the Emagine Group (see 9). The GFT Group obtained turnover of € 64.2m. (previous year € 23.0m.) with companies of the Deutsche Bank group in the financial year 2001; the services rendered were charged for in accordance with the normal market terms.

Deutsche Post Beteiligungen GmbH, Bonn, holds 11.9 % (until February 20, 2002, 15.85 %) of the shares in GFT AG. In the financial year 2001 the GFT Group obtained revenues with Deutsche Post AG amounting to € 20.0m. (previous year: € 21.9m.); the services rendered were charged for in accordance with the normal market terms.

The pre-IPO shareholders are a group of affiliated persons; they are the shareholders who held shares in the company before the stock exchange listing in June 1999. The pre-IPO shareholders also include the Executive Board members Mr. Ulrich Dietz and Dr. Markus Kerber and the authorized clerk Ms. Maria Dietz.
Apart from the employment relationships with the above-mentioned persons, in previous years there were also loan liabilities to the pre-IPO shareholders for which interest is applicable at a rate of 6.0 % p.a. These were due in the short-term and were not secured. In the financial year 2001 the remaining loan amounts (€ (k) 38 were paid off, so that as of December 31, 2001 only ongoing liabilities of € (k) 9 still existed.
The Executive Board chairman Mr. Ulrich Dietz holds one share (= 0.33 %) in the subsidiary GFT Technologies (Schweiz) AG, Wallisellen/ Switzerland.

32. Organs of the parent company

Executive Board and Supervisory Board of the Company are part of the notes to the group financial statement. In this printed version the content is not shown here but reference is made to the identical content on page 90 of the notes to the annual financial statement of GFT AG.

The total remuneration of the Executive Board for the 2001 financial year amounted to € (k) 1,627 (previous year € (k) 764 plus 16,500 subscription rights each corresponding to one share in GFT Technologies AG as per the stock options program started in the year 2000).

The total remuneration of the Supervisory Board for the 2001 financial year amounted to € (k) 54 (previous year € (k) 56 plus 3,000 subscription rights each corresponding to one share in GFT Technologies AG as per the stock options program started in the year 2000).

As of December 31, 2001, members of the Supervisory Board held 1,802 shares and 6,168 subscription rights each corresponding to one share of GFT AG (previous year 3,822 shares and 13,800 subscription rights); members of the Executive Board held 9,037,586 shares and 70,845 subscription rights each corresponding to one share of GFT AG (previous year 8,988,641 shares, 70,845 subscription rights).

33. Security transactions subject to reporting requirements (directors' dealings)

Shares; Executive Board Members

	Ulrich Dietz	Dr. Thomas Gumsheimer	Dr. Erwin Haller	Roland Härtner	Dr. Markus Kerber	Total
	Number	Number	Number	Number	Number	Number
As of 31/12/2000	7,833,295	0	5,088	0	1,150,258	8,988,641
Additions	47,945	0	1,000	0	0	48,945
Disposals	0	0	0	0	0	0
As of 31/12/2001	**7,881,240**	**0**	**6,088**	**0**	**1,150,258**	**9,037,586**

Subscription Rights to 1 Share; Executive Board Members

	Ulrich Dietz	Dr. Thomas Gumsheimer	Dr. Erwin Haller	Roland Härtner	Dr. Markus Kerber	Total
	Number	Number	Number	Number	Number	Number
As of 31/12/2000	0	21,000	49,845	0	0	70,845
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
As of 31/12/2001	**0**	**21,000**	**49,845**	**0**	**0**	**70,845**

Shares; Supervisory Board Members

	Franz Niedermaier	Friedhelm Freiburger	Dr. Gerhard Barth	Dr. Simon Kischkel	Dr. Martin Raab	Ingrid Schmidt	Bert A. Schwank	Total
	Number	Number	Number	Number	Number	Number	Number	Number
As of 31/12/2000	0	12	0	1,302	0	250	2,258	3,822
Additions	0	0	0	0	1,500	250	0	1,750
Disposals	0	-12	0	0	-1,500 *	0	-2,258 *	-3,770
As of 31/12/2001	**0**	**0**	**0**	**1,302**	**0**	**500**	**0**	**1,802**

* The disposals for the former Supervisory Board members Schwank and Raab relate to their retirements from the Supervisory Board.

Subscription Rights to 1 Share; Supervisory Board Members

	Franz Niedermaier	Friedhelm Freiburger	Dr. Gerhard Barth	Dr. Simon Kischkel	Dr. Martin Raab	Ingrid Schmidt	Bert A. Schwank	Total
	Number	Number	Number	Number	Number	Number	Number	Number
As of 31/12/2000	0	0	0	7,632	0	6,168	0	13,800
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	-7,632 **	0	0	0	-7,632
As of 31/12/2001	**0**	**0**	**0**	**0**	**0**	**6,168**	**0**	**6,168**

**The subscription rights of the Supervisory Board member Dr. Kischkel expired with his resignation from an employment relationship with GFT AG.

This section shows the information required in accordance with the 'Regulatory Provisions for the Neuer Markt'. The following tables show the development of the stocks of GFT shares and GFT subscription rights held by the members of the group's organs in the 2001 financial year:

34. Employees

During the 2001 financial year an average of 980 staff members were employed. In 2000 the figure was 562. If the Emagine Group had formed part of the GFT Group for all of 2001, there would have been an average of 1,364 employees for 2001.

St. Georgen, March 15, 2002

Ulrich Dietz	Dr. Thomas Gumsheimer	Dr. Erwin Haller	Roland Härtner	Dr. Markus Kerber
Executive Board	Executive Board	Executive Board	Executive Board	Executive Board
(Chief Executive Officer)				

GFT Technologies Aktiengesellschaft – Group

Information about business segments

Information about Business Segments

	Frontend	Frontend	Backend	Backend	Products	Products
(all amounts in € (k))	2001	2000	2001	2000	2001	2000
Revenues						
External sales	29,787	27,955	81,779	53,945	5,480	4,554
Inter-segment sales	1,163	2,207	4,052	6,692	63	72
Total revenues	**30,950**	**30,162**	**85,831**	**60,637**	**5,543**	**4,626**
Result						
Segment result	898	3,094	3,421	10,508	-1,555	360
Unallocated income/expenses and eliminations						
Unallocated corporate expenses						
Amortization of goodwill - Group						
Operating profit						
Interest expenses						
Interest income						
Share of net profits of associates						
Results from ordinary activities pre taxes						
Taxes on income						
Net loss (2000: Net income)						
Other information						
Segment assets	11,290	7,877	29,925	14,590	1,192	2,067
Investment in equity method associates						
Unallocated corporate assets						
Consolidated total assets						
Segment liabilities	7,529	4,151	21,031	8,068	1,276	1,866
Unallocated corporate liabilities						
Consolidated total liabilities						
Capital expenditure	939	720	2,319	1,389	102	233
Depreciation	561	454	1,662	845	119	195

The unallocated income/expenses and eliminations contain:

a) Elimination of intra-group sales, results, income, expenses, assets and liabilities

b) Assets, liabilities, investments and depreciations, that are not allocated to segments

c) Amortization of goodwill is not allocated to segments

Freelance Agency 2001	Freelance Agency 2000	Sum 2001	Sum 2000	Eliminations 2001	Eliminations 2000	Consolidated 2001	Consolidated 2000
30,815	–	147,861	86,454				
-	–	5,278	8,971	-5,278	-8,971		
30,815	–	**153,139**	95,425	**-5,278**	-8,971	**147,861**	86,454
998	–	3,762	13,962			3,762	13,962
						-4,448	-5,322
						-4,109	-3,022
						-4,795	5,618
						-426	-455
						713	668
						-23	100
						-4,531	5,931
						2,242	-4,262
						-2,289	1,669
10,056	–	52,463	24,534			52,463	24,534
						294	–
				90,311	45,385	90,311	45,385
						143,068	69,919
11,613	–	41,449	14,085			41,449	14,085
				8,235	8,621	8,235	8,621
						49,684	22,706
374	–	3,734	2,342	1,199	15,442	4,933	17,784
394	–	2,736	1,494	5,544	3,767	8,280	5,261

GFT Technologies Aktiengesellschaft, St. Georgen

Balance Sheet as of December 31, 2001 (HGB)

Assets

		2001 €	2000 adjusted € (k)	2000 € (k)
A. Fixed Assets				
I. Intangible Assets				
1. Licenses, industrial property rights and similar rights	328,406.00		345	330
2. Goodwill	80,229.00		88	-
		408,635.00	433	330
II. Tangible Fixed Assets				
Other fixed assets, plant and equipment		1,971,074.00	1,847	1,601
III. Financial Assets				
1. Shares in affiliated companies	41,149,554.64		19,897	22,611
2. Investments	830,989.50		1,028	1,028
		41,980,544.14	20,925	23,639
		44,360,253.14	**23,205**	**25,570**
B. Current Assets				
I. Inventories				
Work in progress		1,817,956.86	843	642
II. Receivables and Other Assets				
1. Trade receivables	6,432,724.51		8,462	7,755
2. Receivables from affiliated companies	1,590,473.20		360	314
3. Other assets	1,003,242.90		218	204
		9,026,440.61	9,040	8,273
III. Securities				
Other securities		1,855,050.00	3,214	3,214
IV. Cash, Bank Balances		10,305,870.14	14,411	14,205
		23,005,317.61	**27,508**	**26,334**
C. Prepayments and Accrued Income		**118,501.34**	**136**	**127**
		67,484,072.09	**50,849**	**52,031**

Shareholders' Equity and Liabilities

		2001 €	2000 adjusted € (k)	2000 € (k)
A. Shareholders' Equity				
I. Subscribed Capital		19,744,459.00	19,500	19,500
- Conditional capital € 780,000.00 (2000: € 780,000.00)				
II. Capital Reserve		15,702,258.38	15,702	15,702
III. Revenue Reserve				
1. Legal reserve		1,387.65	1	1
2. Other revenue reserves		2,343,349.97	669	669
IV. Accumulated Deficit (2000: Retained Earnings)		-12,079,496.71	-376	1,675
		25,711,958.29	**35,496**	**37,547**
B. Capital contributions paid to carry out the resolved increase in capital		**18,823,052.82**	**244**	**244**
C. Accruals				
1. Accruals for taxation	21,660.34		2,055	2,055
2. Other accruals	3,357,656.56		2,828	2,487
		3,379,316.90	**4,883**	**4,542**
D. Liabilities				
1. Bank liabilities	2,288,712.36		2,766	2,282
2. Prepayments received on orders	1,973,827.04		427	356
3. Trade liabilities	1,866,717.58		2,115	1,955
4. Notes payable	0.00		2,045	2,045
5. Accounts due to affiliated companies	8,681,609.67		296	899
6. Accounts due to other investments	16,400.00		11	11
7. Other liabilities	4,742,477.43		2,566	2,150
		19,569,744.08	**10,226**	**9,698**
		67,484,072.09	**50,849**	**52,031**

GFT Technologies Aktiengesellschaft, St. Georgen

Profit and Loss Statement
as of January 1 until December 31, 2001 (HGB)

Profit and Loss Statement

		2001 €	2000 adjusted € (k)	2000 € (k)
1. Revenues		39,748,536.27	48,220	46,000
2. Increase (2000: decrease) in work in progress		975,184.63	-223	-364
3. Other operating income		1,422,721.30	642	643
		42,146,442.20	**48,639**	**46,279**
4. Cost of materials				
a) Cost of goods purchased	112,663.27		265	21
b) Cost of services purchased	7,365,713.46		11,883	14,898
		7,478,376.73	12,148	14,919
5. Personnel expenses				
a) Wages and salaries	23,199,084.90		17,223	14,350
b) Social security and pension benefits thereof pension benefits € 22,646.04 (2000: € (k) 51)	3,500,185.88		2,706	2,216
		26,699,270.78	19,929	16,566
6. Depreciation on intangible and tangible fixed assets		1,626,529.13	1,514	1,331
7. Other operating expenses		11,059,877.46	10,223	8,534
		-4,717,611.90	**4,825**	**4,929**
8. Other interest and similar income - thereof from affiliated companies € 33,127.38 (2000: € (k) 4)	557,852.82		633	633
9. Depreciation on financial assets and on marketable securities	1,244,680.66		1,290	1,290
10. Expenses from loss absorption	0.00		174	174
11. Interest and similar expenses - thereof to affiliated companies € 94,531.69 (2000: € (k) –)	464,921.96		378	359
		-1,151,749.80	**-1,209**	**-1,190**
12. Result from ordinary activities		**-5,869,361.70**	**3,616**	**3,739**
13. Extraordinary cost	6,598,429.93		1,928	-
14. Extraordinary result		-6,598,429.93	-1,928	-
15. Taxes on income	-400,559.46		2,055	2,055
16. Other taxes	12,264.54		9	9
		-388,294.92	**2,064**	**2,064**
17. Net loss = accumulated deficit (2000: Net income = retained earnings)		**-12,079,496.71**	**-376**	**1,675**

Group Cash-flow Statement

as of January 1 until December 31, 2001

Cash-flow Statements

	2001 €(k)	2000 €(k)
Net income before extraordinary result	-5,481	1,675
Depreciation	2,291	1,331
Decrease (2000: increase) of accruals	-1,504	2,224
Other non-cash expenses	580	1,310
Loss (2000: profit) on disposals of fixed assets	15	-4
Decrease (2000: increase) of trade receivables	2,029	-1,435
Increase (2000: decrease) of inventories and other assets	-2,973	464
Decrease (2000: increase) of trade liabilities	-248	832
Increase of other liabilities or capital items	2,956	575
Payments related to extraordinary items	-4,547	–
Cash-flows from operating activities	**-6,882**	**6,972**
Paid-in on disposals of fixed assets	24	28
Payments related to investments in tangile fixed asstes	-1,585	-1,738
Payments related to investments in intangible fixed assets	-180	-328
Payments related to investments in financial assets	-739	-6,025
Receipts in connection with the short-term financial management of cash investments	779	664
Payments in connection with the short-term financial management of cash investments	-	-4,504
Cash-flows from investing activities	**-1,701**	**-11,903**
Paid-in on capital increases	-	244
Cash proceeds from issuing loans	7,059	4,242
Payments related to repayments of loans	-2,581	-5,961
Cash-flows from financing activities	**4,478**	**-1,475**
Change in cash funds from cash relevant transactions	-4,105	-6,406
Increase of cash funds by merger 01/01	206	4,393
Cash funds at the beginning of the period	14,205	16,218
Cash funds at the end of the period	**10,306**	**14,205**

Cash funds include cash and bank balances. Increase of cash funds by merger 01/01 concern the liquid funds of GFT Pixelfactory GmbH in 2001, resp. the liquid funds of GFT Software GmbH in 2000.

GFT Technologies Aktiengesellschaft, St. Georgen

Notes to Financial Statements as of December 31, 2001

I. General information about the financial statements and the accounting and valuation methods

1. General

The financial statements of GFT Technologies Aktiengesellschaft (hereinafter referred to as 'GFT AG' or 'Company') were prepared according to the regulations set out in the German Commercial Code (Handelsgesetzbuch = HGB) and Company Law (Aktiengesetz = AktG) in € (in the previous year: DM). The profit and loss statement was prepared according to the type-of-expenditure format. The Company is a big corporation within the meaning of § 267 HGB.

On January 1, 2001, the date of the merger, the wholly owned subsidiary GFT Pixelfactory GmbH, Offenbach am Main (the transferor legal entity) was merged into the Company (the acquiring legal entity). Due to the chosen method of basis rollover, the merger had the following effect on the results:

GFT AG (controlling company) concluded a control and profit and loss absorption agreement with its subsidiary GFT TransForce GmbH, Stuttgart (controlled company) on November 20, 2000. According to this agreement, GFT TransForce GmbH will hand over the control of its company to GFT Technologies AG and is also obligated to transfer its entire profit to GFT Technologies AG. This agreement was not yet effective on the balance sheet date for the previous year, since it had not been entered in the German Commercial Register, but was nonetheless already executed for the 2000 financial year as agreed. In the 2001 financial year it was not approved at GFT AG's annual general meeting, and nor was an entry made in the German Commercial Register. For these reasons, the agreement between these companies did not become effective. Accordingly, in the 2001 financial year the transfer of losses made in the previous year by GFT AG (€ (k) –174) was cancelled, leading to an income in the same amount of € (k) 174.

Merger's Effect on Result

	€
Net assets of GFT Pixelfactory GmbH at book value	763,773.83
Book value of holdings of the acquiring legal entity	2,815,001.31
Merger loss 1/1/2001	**-2,051,227.48**

2. Accounting and valuation methods
Acquired goodwill is capitalized and amortized according to schedule over fifteen years. Other acquired intangible assets are valued at acquisition cost, less the scheduled linear amortizations. They are usually allotted an operating life of three years.

The tangible fixed assets are reported at acquisition cost, less the scheduled wear-and-tear depreciations. In case of movable tangible assets, the linear depreciations are effected over an operating life period of three to ten years. In the year of acquisition the Company uses the simplification rule stated in R 44 para. 2 of the German Income Tax Regulations (Einkommensteuer-Richtlinien = EstR) 2001, when referring to movable assets as part of the fixed assets. Minor-value assets are fully depreciated in the year of acquisition and their retirement is also assumed in the year of acquisition.

The financial assets are reported at acquisition cost in compliance with the lower-of-cost-or-market principle.

Non-scheduled depreciations are carried out in the event that the value of the fixed assets ascertained according to the above-mentioned principles exceeds the value attributable to them on the balance sheet date. A write-up is carried out if the reasons for the depreciations carried out in the previous financial years are no longer applicable.

The valuation of work in progress is on the basis of the production costs incurred. Projects expected to incur losses are reported at lower attributable values.

In the case of receivables, discernible individual risks are taken into consideration through valuation allowances. Sufficient consideration is given to the general financial risk by means of a lump sum valuation allowance of 1.0 % (previous year 1.0 %) for receivables.

Securities are valued at acquisition cost or at the lower stock market price.

The ‘other accruals’ take into account all discernible risks and contingent obligations. The provisions for taxes contain deferred taxes in addition to the actual obligations.

The other assets and liabilities are shown in the balance sheet at face value or at the repayment amount.

Receivables and liabilities in foreign currency are valued at the rate on the day of the transaction. Losses from changes in the rate of exchange are taken into consideration.

II. Details of Balance Sheet and Profit and Loss Statement

1. Balance Sheet

Adjustment of the previous year’s figures on account of the merger
The merger of GFT Pixelfactory GmbH affects the comparability of the amounts of the 2001 financial year with the actual prior year 2000 figures for the financial year. For this reason, these financial statements contain the figures for the previous year, adjusted in line with the merger, in addition to the actual prior-year figures (column ‘2000 adjusted’). The prior-year figures in the balance sheet and in the profit and loss statement have been ascertained by the addition of the added assets, liabilities, income and expenses; consolidations were carried out for reciprocal claims and liabilities as well as for reciprocal income and expenses.

The rollover of the adjusted retained earnings in the equity capital as of December 31, 2000 is as follows:

Rollover of the Adjusted Retained Earnings in the Equity Capital

	€ (k)
Actual retained earnings as of 31/12/2000	1,675
Merger loss	-2,051
Adjusted retained earnings (deficit) as of 31/12/2000	**-376**

Changes in fixed assets: GFT Technologies Aktiengesellschaft, St. Georgen

	At cost				
	Balance as of 01/01/2001	Additions/Disposals from merger	Additions	Disposals	Balance as of 31/12/2001
	€	€	€	€	€
I. Intangible Assets					
1. Licences, industrial property rights and similar rights	1,399,707.70	45,593.31	180,092.10	3,741.11	1,621,652.00
2. Goodwill	0.00	127,822.97	0.00	0.00	127,822.97
	1,399,707.70	173,416.28	180,092.10	3,741.11	1,749,474.97
II. Tangible Fixed Assets					
Other assets, plant and equipment	2,961,168.98	561,788.19	1,584,564.97	797,028.82	4,310,493.32
III. Financial Assets					
1. Shares in affiliated companies	22,611,385.22	100,862.79	21,403,170.73	0.00	41,300,417.43
		-2,815,001.31			
2. Investments	1,027,517.73	0.00	317,230.64	0.00	1,344,748.37
	23,638,902.95	-2,714,138.52	21,720,401.37	0.00	42,645,165.80
	27,999,779.63	**-1,978,934.05**	**23,485,058.44**	**800,769.93**	**48,705,134.09**

The amounts of the acquiring company GFT AG as of December 31, 2000 are shown as the opening values in the 'Changes in fixed assets'; the columns 'Additions/Disposals from merger' contain the historic acquisition/production costs as well as the cumulative depreciations of the transferor company GFT Pixelfactory GmbH as of January 1, 2001. The actual figures as of December 31, 2000 are given as the prior-year figures in these notes to the financial statements.

Fixed assets

The changes in fixed assets are shown in the table below:

Depreciation					Book value	
Balance as of 01/01/2001 €	Additions/Disposals from merger €	Depreciation €	Disposals €	**Balance as of 31/12/2001 €**	**Balance as of 31/12/2001 €**	Balance as of 31/12/2000 €
1,070,081.78	30,431.01	196,474.32	3,741.11	1,293,246.00	328,406.00	329,625.92
0.00	39,072.41	8,521.56	0.00	47,593.97	80,229.00	0.00
1,070,081.78	69,503.42	204,995.88	3,741.11	1,340,839.97	408,635.00	329,625.92
1,360,337.18	315,827.59	1,421,533.25	758,278.70	2,339,419.32	1,971,074.00	1,600,831.80
0.00	0.00	150,862.79	0.00	150,862.79	41,149,554.64	22,611,385.22
0.00	0.00	513,758.87	0.00	513,758.87	830,989.50	1,027,517.73
0.00	0.00	664,621.66	0.00	664,621.66	41,980,544.14	23,638,902.95
2,430,418.96	**385,331.01**	**2,291,150.79**	**762,019.81**	**4,344,880.95**	**44,360,253.14**	**25,569,360.67**

Share ownership

The Company held direct and indirect shares in the following companies as of December 31, 2001:

Investment Holdings

Name	Headquarters	Share of capital		Equity capital 31/12/2001		Result for the financial year
Direct investments						
GFT Technologies (Schweiz) AG	Wallisellen, Switzerland	99.0 %	CHF	1,021,552.82	CHF	233,911.37
GFT Systems GmbH	Ilmenau	81.0 %	€	1,560,543.12	€	344,548.53
GFT Solutions GmbH	Hamburg	100 %	DM	7,530,408.10	DM	3,101,051.92
GFT Websolutions Kft.	Budapest	100 %	HUF	23,957,202	HUF	2,559,702
GFT TransForce GmbH	Stuttgart	100 %	€	–116,247.35	€	–166,247.35
GFT Technologies GmbH	Vienna	100 %	ATS	331,590.67	ATS	–11,179.03
GFT UK Limited	London	100 %	GBP	–533,534	GBP	–533,535
Pixel Factory Inc.	New York	100 %	USD	–321,396.63	USD	–145,933.43
emagine Germany GmbH	Eschborn	100 %	€	24,744,746.31	€	–5,863,528.94
GFT Iberia Solutions, S.A.	Barcelona	100 %	PTAS	877,991,000	PTAS	126,496,000
CScout Inc.	New York	25.1 %	USD	168,095.94	USD	–91,479.38
Plumb Design Inc.	New York	18.7 %	USD	1,638,888	USD	–2,710,399
Indirect investments						
ACS Systems S.A.R.L.	Valbonne, France	51.0 %	€	–76,666.00	€	2,499.10
Emagine Solutions Inc.	Wilmington, Del., USA	100 %	USD	5,403.00	USD	–2,549,594.00

The subsidiary B.O.P.R. Gesellschaft für Datenverarbeitung mbH, Hamburg, reported in the previous year, was merged with GFT Solutions GmbH (formerly: ACS Systemberatung GmbH), Hamburg as of January 1, 2001. In the 2001 financial year the acquisition costs of the remaining shares in GFT Solutions GmbH (including the now-merged company B.O.P.R. Gesellschaft für Datenverarbeitung mbH), which were already acquired in the 2000 financial year, increased by € (k) 2,158. This was due to shareholder contributions agreed in the capital contribution agreement, which in the financial statements for the prior year were not yet certain, but which have now been concretized.

As of August 1, 2001, GFT AG acquired all the shares in emagine Germany GmbH (in future: GFT Financial Solutions GmbH), Eschborn, and GFT Iberia Solutions, S.A. (previously: emagine Iberia Consulting and Technology, S.A.), Barcelona, Spain. Due to the shares held in emagine Germany GmbH, GFT AG therefore indirectly assumed all the shares in Emagine Solutions Inc., Wilmington, Delaware, USA, and 60 % of the shares in SECUDE Sicherheitstechnologie Informationssysteme GmbH, Darmstadt (as a whole: 'Emagine Group'). emagine Germany GmbH sold its shares in SECUDE Sicherheitstechnologie Informationssysteme GmbH on December 19, 2001.
The shares in emagine Germany GmbH and GFT Iberia Solutions, S.A. were contributed within the framework of an increase in capital in return for a contribution in kind while utilizing a part of the authorized capital and with an exclusive subscription right for the contributing company; 6,581,487 individual

share certificates were issued in the process. The contributing company was ARGFRAN Beteiligungs Aktiengesellschaft, a subsidiary of Deutsche Bank AG, both of Frankfurt am Main, which thereby acquired 25.00 % of the shares in GFT AG (see statements below as per § 160 para. 1 no. 8 AktG).
In accordance with the capital contribution and takeover agreement between GFT AG and the contributing company relating to the contribution of the Emagine Group, the contributing company guarantees that the Emagine Group has certain capital and operating funds as of the contribution date.
For this reason, the contributing company remains obliged to make payments; the level of these has not yet been conclusively determined, however. Moreover, there exists a contractual right of repayment in respect of compensation for losses accrued by Emagine Solutions Inc., Wilmington, in the period from August 1, 2001 to December 31, 2001. Both these claims have been capitalized in the subsidiary emagine Germany GmbH's annual financial statements as of December 31, 2001.
Since the implementation of the share capital increase of € 6,581,487.00 had not yet been registered in the German Commercial Register on the balance sheet date, the capital contributions paid are shown in the special account 'Capital contributions paid to carry out the resolved increase in capital' (€ 18,823,052.82). In the financial statements for the previous year this account related to the capital increases in return for contributions in kind of the remaining shares in GFT Solutions GmbH, B.O.P.R. Gesellschaft für Datenverarbeitung mbH, both of Hamburg, and GFT Pixelfactory GmbH, Offenbach am Main (€ 244,459.00).

Receivables and other assets
Of the receivables from affiliated companies, a partial amount of € (k) 668 (previous year € (k) 102) is due after more than one year. This relates to loans to the subsidiaries GFT UK Ltd., London, and GFT Technologies GmbH, Vienna.

The receivables from affiliated companies concern trade receivables of € (k) 751 (previous year € (k) 207) and other assets amounting to € (k) 839 (previous year € (k) 107), of which the loan receivables amount to € (k) 821 (previous year € (k) 102).

Of the other assets, an amount of € (k) 43 (previous year € (k) 42) is due after more than one year.

Equity capital
As of December 31, 2001, the share capital of € 19,744,459.00 is made up of 19,744,459 nonpar value individual share certificates; they are made out in the name of the holder and all confer equal rights. In the 2001 financial year the share capital was increased from € 19,500,000.00 to € 19,744,459.00 through the entry made in the German Commercial Register on July 4, 2001 relating to the implementation of the capital increases with the previous year's contributions in kind. As in the previous year, the authorized but unissued capital amounts to € 780,000.00. The retained earnings as of December 31, 2001 does not contain any unappropriated profits brought forward from the previous year.

According to the resolution of the annual general meeting of May 16, 2000, the Executive Board is authorized to increase the share capital, once or several times, by a total of up to € 9,750,000.00 by issuing new shares for cash contributions or contributions in kind in the period up until May 5, 2004, with the consent of the Supervisory Board (authorized capital). In the 2000 financial year, the Executive Board issued 244,459 shares while utilizing a part of this authorized capital within the framework of the take-over of further shares in the subsidiaries. Since an entry had not been made in the German Commercial Register, in the balance sheet for the previous year this first capital increase resulting from the authorized capital was shown under the item 'Capital contributions paid to carry out the resolved increase in capital'. In the 2001 financial year the Executive Board issued a further amount of 6,581,487 shares, utilizing a further part of the authorized capital whilst acquiring shares in two other companies. These shares were correspondingly subscribed. Since the increase in capital had not been registered in the German Commercial Register on the balance sheet date, it has been shown under the item 'Capital contributions paid to carry out the resolved increase in capital'. This second capital increase resulting from the authorized capital was entered on February 20, 2002. We refer to the explanations given under share ownership. Of the authorized capital, € 2,924,054.00 therefore still remain available.

The special item 'Capital contributions paid to carry out the resolved increase in capital' developed as follows:

Development of the Special Item
'Capital Contributions paid to carry out the Resolved Increase in Capital'

	€
As of 1/1/2000	**0.00**
Resolutions to utilize authorized capital for capital increases and contributions in kind in the 2000 financial year	244,459.00
As of 31/12/2000	**244,459.00**
Implementation of the capital increases with contributions in kind on July 4, 2001	-244,459.00
Resolution to utilize authorized capital for capital increases and contributions in kind in August, 2001	18,823,052.82
As of 31/12/2001	**18,823,052.82**

The changes to the equity capital items during the 2001 financial year are shown in the following summary:

Changes to the Equity Capital

	Subscribed capital €	Capital reserve €	Statutory reserve €	Other revenue reserves €	Retained earnings €
As of 31/12/2000	**19,500,000.00**	**15,702,258.38**	**1,387.65**	**668,480.41**	**1,674,869.56**
Appropriation of profits as per annual general meeting 22/5/2001	0.00	0.00	0.00	1,674,869.56	-1,674,869.56
Implementation of the capital increases with contributions in kind 4/7/2001	244,459.00	0.00	0.00	0.00	0.00
Net loss for the financial year	0.00	0.00	0.00	0.00	-12,079,496.71
As of 31/12/2001	**19,744,459.00**	**15,702,258.38**	**1,387.65**	**2,343,349.97**	**-12,079,496.71**

There is no transfer to the statutory reserves because, on the one hand, there is no annual net profit, and on the other, the statutory reserve fund as per § 150 para. 2 AktG is already more than 10 % of the share capital due to the high capital reserves as per § 272 para. 2 no. 1 HGB.

Conditional capital and stock options program

The extraordinary shareholders' meeting which took place on June 4/24, 1999 approved a conditional equity capital increase through an issue of up to 260,000 individual share certificates (corresponding to 780,000 individual share certificates following the 1:3 stock split of May 16, 2000) permitting subscription rights exclusively through stock option programs as well as the basic features of stock options programs to be launched by the Executive Board. The conditional capital increase will only be executed if the holders of the subscription rights issued exercise their right of subscription as per § 192 para. 2 no. 3 AktG. Beneficiaries are exclusively members of the Executive Board and employees of GFT Technologies AG and of wholly owned subsidiaries who have been granted subscription rights. The subscription rights are non-transferable except in the event of death of the holder and will lapse if the subscription right holder departs from the employment relationship of a company of the GFT Group. The figures given below in respect of the stock options program have been adjusted in line with the 1:3 stock split of May 16, 2000; the adjustment will be made de facto when the subscription right is exercised.

On June 24/August 25,1999, the Executive Board adopted an initial stock options program 'Optional conditions for the issue of subscription rights for GFT Technologies AG 1999/2004' with the authorization of the shareholders' meeting of June 4, 1999 and with the consent of the Supervisory Board. This stock options program concerns subscription rights for up to 379,179 individual share certificates for the resolved conditional increase in capital of € 780,000 (= 780,000 individual share certificates). According to this program, a subscription right authorizes the holder to acquire one individual GFT AG share certificate at the issuing price fixed within the framework of the admission to stock exchange dealing (subscription price € 7.67/share). The subscription rights were acquired in the period from June 1 to June 25, 1999. On fulfillment of the performance criterion the subscription rights will be exercised in three exercise tranches of equal size during specific exercise phases starting from November 2001. According to the performance criterion, subscription is possible if the average price of the GFT share at the time of the exercise phase exceeds the subscription price of € 7.67 by 40 %. Since the performance criterion was not met, it was not possible to exercise the first exercise tranche in November 2001; however, it has not expired and may be exercised together with the next exercise tranche in November 2002 if the performance criterion is met.

With the resolution passed on May 30, 2000, the Executive Board, with the consent of the Supervisory Board, started another 'Stock Options Program 2000/2005' in respect of subscription rights for up to 163,350 individual share certificates of the authorized but unissued capital of € 780,000. According to this program, a subscription right authorizes the holder to acquire one individual GFT AG share certificate at € 51.90. On fulfillment of the performance criterion, the subscription rights will be exercised in three exercise tranches of equal size during specific exercise phases starting from November 2002. In accordance with the performance criterion, subscription is possible if the average price of the GFT share at the time of the exercise phases exceeds the subscription price of € 51.90 by 25 %.

The situation of the issued subscription rights developed as follows in the 2001 financial year:

Issued Subscription Rights in the 2001 Financial Year

Subscription rights to one share each	Stock options program 1999	Stock options program 2000	Total
Subscription rights as of 1/1/2000	**379,179**	**0**	**379,179**
thereof employees	345,834	0	345,834
thereof Executive Board	33,345	0	33,345
newly issued subscription rights in 2000	0	163,350	163,350
subscription rights that lapsed in 2000	-28,152	-3,150	-31,302
Subscription rights as of 31/12/2000	**351,027**	**160,200**	**511,227**
thereof employees	317,682	122,700	440,382
thereof Executive Board (including future Executive Board members)	33,345	37,500	70,845
newly issued subscription rights in 2001	0	0	0
subscription rights that lapsed in 2001	-34,359	-14,550	-48,909
Subscription rights as of 31/12/2001	**316,668**	**145,650**	**462,318**
thereof employees	283,323	108,150	391,473
thereof Executive Board	33,345	37,500	70,845

Since the shares to be issued are as a result of a conditional increase in capital, the company is not encumbered by the stock options programs; a contribution into the capital reserve is not necessary either. The stock options programs have not therefore had any effects on the balance sheet for the 2001 financial year.

The accruals for taxation contain deferred taxes as per § 274 para. 1 HGB, amounting to € (k) 5 (previous year: € (k) 99).

Other Accruals and Accruals for Taxes

Other significant accruals	€(k)
Employee commissions/bonuses	1,688
Vacation obligations	568
Annual general meeting/annual report	169
Preparing the financial statements and audit	141
Repayment commitments	93
Trade association	90
Money compensations	73
	2,822
Other	536
	3,358

Liabilities

The information on the liabilities is shown in the following table:

Liabilities

	Due within a period up to 1 year €	more than 5 years €	Total amount 31/12/2001 €	Thereof secured - by rights of lien and similar rights €	Nature and type of the security
Bank liabilities	2,288,712.36 (pr.yr. €(k) 2,276)	0.00 (pr.yr. €(k) –)	2,288,712.36 (pr.yr. €(k) 2,282)	33,150.99	Transfer by way of security – vehicles
Payments received on orders	1,973,827.04 (pr.yr. €(k) 356)	0.00 (pr.yr. €(k) –)	1,973,827.04 (pr.yr. €(k) 356)		
Trade liabilities	1,866,717.58 (pr.yr. €(k) 1,955)	0.00 (pr.yr. €(k) –)	1,866,717.58 (pr.yr. €(k) 1,955)		Ordinary retentions of title
Notes payable	0.00 (pr.yr. €(k) 2,045)	0.00 (pr.yr. €(k) –)	0.00 (pr.yr. €(k) 2,045)		
Accounts due to affiliated companies	8,681,609.67 (pr.yr. €(k) 899)	0.00 (pr.yr. €(k) –)	8,681,609.67 (pr.yr. €(k) 899)		
Accounts due to other investments	16,400.00 (pr.yr. €(k) 11)	0.00 (pr.yr. €(k) –)	16,400.00 (pr.yr. €(k) 11)		
Other liabilities	4,742,477.43 (pr.yr. €(k) 2,150)	0.00 (pr.yr. €(k) –)	4,742,477.43 (pr.yr. €(k) 2,150)		
- thereof for taxes	1,841,759.81 (pr.yr. €(k) 1,191)				
- thereof for social security	466,884.49 (pr.yr. €(k) 372)				
	19,569,744.08 (pr.yr. €(k) 9,692)	**0.00** (pr.yr. €(k) –)	**19,569,744.08** (pr.yr. €(k) 9,698)		

The accounts due to affiliated companies relate to trade liabilities (€ (k) 427; previous year € (k) 787) and other liabilities (€ (k) 8,255; previous year € (k) 112); the other liabilities mainly consist of a loan made by emagine Germany GmbH, Eschborn (€ (k) 7,000; previous year € (k) –) and from liabilities arising from the cash-pooling procedure. As in the previous year, the amounts owed to undertakings in which the company has a participating interest have resulted from trade.

The other liabilities contain liabilities to pre-IPO shareholders amounting to € (k) 9 (previous year € (k) 38); the term pre-IPO shareholders refers to shareholders who held stakes in the company prior to the initial public offering in June 1999.

2. Profit and loss statement

Revenues

	2001 € (k)	2000 € (k)
By business units		
Consulting services	37,493	39,539
Proceeds from software development	1,459	5,292
Software product sales	42	269
Maintenance proceeds	218	327
Other revenues	537	573
	39,749	46,000
By region		
Domestic	38,340	35,027
Foreign	1,409	10,973
	39,749	46,000

Income/Expenses not relating to the period under review

The other operating income contains income amounting to € (k) 247 (previous year € (k) 54) which is attributable to another financial year; this mainly relates to the cancellation of the profit and loss absorption agreement implemented with GFT TransForce GmbH in the previous year (€ (k) 174) plus the reversal of accruals (€ (k) 39). The other operating expenses contain amounts of € (k) 22 (previous year € (k) 12) not relating to the period under review.

The taxes on income have resulted from tax refunds due to tax loss carry backs into the previous year.

Depreciation

The amortizations of financial assets and securities relating to current assets contain non-scheduled amortizations of financial assets as per § 253 para. 2 p. 3 HGB amounting to € (k) 665 (previous year € (k) –). The scheduled amortization of goodwill over 15 years is made in accordance with § 7 para. 1 p. 3 of the German Income Tax Law (Einkommensteuergesetz = EStG).

Extraordinary expenses/ Extraordinary result

The extraordinary expenses include the merger loss resulting from the merger of GFT Pixelfactory GmbH, Offenbach am Main, with GFT AG on January 1, 2001 (€ (k) 2,051) and the expenses accrued in connection with the acquisition of shares in emagine Germany GmbH, Eschborn, and GFT Iberia Solutions, S.A., Barcelona (‘Emagine Group’) (€ (k) 4,547).

III. Further Details

Contingencies

As of the balance sheet date, an absolute guarantee remained applicable in respect of the now-concretized shareholder contributions which relate to the acquisition in 2000 of the remaining shares in GFT Solutions GmbH (including the now-merged B.O.P.R. Gesellschaft für Datenverarbeitung mbH), amounting to € (k) 1,772; the guarantee expired in January 2002 when the transaction was made.

GFT AG has provided its subsidiary Pixel Factory Inc., New York, with a guarantee bond in which it releases Pixel Factory Inc. from future expenses until their intended reversal; this commitment amounts to and guarantees the value of certain assets; this commitment amounts to approx. € (k) 50. With its receivables from Pixel Factory Inc. GFT has fallen into line behind other creditors' receivables.

GFT AG has provided its subsidiary GFT UK Limited, London, with a guarantee bond, which states that it will provide GFT UK Limited with continuous financial support and will not demand repayment of its receivables before February 2003. The assets resulting from the commitment to GFT UK Limited shown in GFT AG's annual financial statements as of December 31, 2001 amount to € (k) 514.

With its receivables from its subsidiary GFT Trans Force GmbH, Stuttgart, GFT has fallen into line behind other creditors' receivables.

Other financial obligations

As far as these are not shown in the balance sheet, obligations arising from fixed-term rental, leasing and licensing agreements amount to € (k) 4,033 (previous year € (k) 3,099). Of this, € (k) - (previous year € (k) 43) is owed to affiliated companies. In addition, obligations resulting from open-ended rental agreements amount to € (k) 627 p.a. (previous year € (k) 132 p.a.). Of this, € (k) 539 p.a. is owed to affiliated companies (previous year € (k) – p.a.). The company has a commitment amounting to € (k) 473 resulting from an order commitment for consulting services.

Statements as per § 160 para. 1 no. 8 AktG

On March 4, 2002 Deutsche Bank AG, Frankfurt am Main, presented GFT AG with notification of the existence of a participating interest. The published contents of this notification are as follows:

'On February 20, 2002 Deutsche Bank AG, 60325 Frankfurt am Main, exceeded the limit of 25 % of the voting rights for GFT Technologies AG and now holds a voting right share of 25.04 %, which is to be ascribed to it as per § 22 para. 1 no. 1 of the German Securities Act (Wertpapierhandelsgesetz = WpHG). On February 20, 2002, ARGFRAN Beteiligungs Aktiengesellschaft, 60325 Frankfurt am Main, a subsidiary of Deutsche Bank AG, exceeded the limit of 25 % of the voting rights for GFT Technologies AG and now holds 25.00 %.'

Organs of the Company

Executive Board

Mr. Ulrich Dietz
Director of Strategy, Marketing, IT Consulting and Sales, Chairman
Supervisory Board seats:
- GFT Iberia Solutions, S.A., Barcelona, Spain (Deputy Chairman), (since November 16, 2001)
- GFT Technologies (Schweiz) AG, Wallisellen (Supervisory Board), (until October 16, 2001)
- tesion Communikationsnetze Südwest GmbH & Co. KG, Stuttgart (Supervisory Board)
- Sparkasse Villingen-Schwenningen (Supervisory Board)

Dr. Erwin Haller
Director of Technology/Research and Development

Mr. Roland Härtner
Member of the Executive Board (since September 1, 2001)
- Supervisory Board seats:
- GFT Technologies (Schweiz) AG, Wallisellen (Supervisory Board), (since November 5, 2001)

Dr. Thomas Gumsheimer
Director of Business Consulting, Branding and Design
Supervisory Board seats:
- CScout Inc., New York, USA (Board of Directors) (since June 2001)
- Motte Consult AG, Gerlingen
- quiBiq.de Internet-Handels-Plattform GmbH, Stuttgart.

Dr. Markus Kerber
Director of Finance and Accounting and Human Resources
Supervisory Board seats:
- GFT Iberia Solutions, S.A., Barcelona, Spain (since November 16, 2001)
- The Eureka Interactive Fund Limited, George Town, Cayman Islands
- IQ International Incubator AG, Berlin
- Pepper Technologies AG, Munich
- Plumb Design Inc., New York, USA (Board of Directors)

Supervisory Board

Mr. Franz Niedermaier
Managing Director of Oracle Deutschland GmbH until 1997, Chairman
Further Supervisory Board seats:
- PSI Aktiengesellschaft für Produkte und Systeme der Informationstechnologie, Berlin
- Pepper Technologies AG, Munich (Chairman)
- SECARON AG, Munich (since June 20, 2001)
- bit by bit Software AG, Berlin (Chairman) (until September 17, 2001)
- Ibykus AG für Informationstechnologie, Erfurt (until April 10, 2001)
- Ponsit Information Technologies AG, Munich (until June 20, 2001)

Mr. Friedhelm Freiburger
Tax Consultant, Deputy Chairman

Prof. Dr. Gerhard Barth
Director Dresdner Bank AG until end of 2001
Further Supervisory Board seats:
- Bauer & Partner, Kreuzlingen, Switzerland
- clearstream International S.A., Luxembourg
- Dregis GmbH, Frankfurt (Chairman)
- Insiders Wissensbasierte Systeme GmbH, Mainz

Dr. Simon Kischkel
Director Business Development GFT Technologies AG until August 31, 2001 (Employee Representative until August 31, 2001)

Ms. Ingrid Schmidt
Project Manager GFT Technologies AG (Employee Representative)

Dr. Martin Raab
Director eBusiness Deutsche Post AG and Chairman of the Management of Deutsche Post eBusiness GmbH (Supervisory Board from May 22, 2001 until August 31, 2001)
Further Supervisory Board seats:
- Trade2B.com AG, Munich
- Global Freight Exchange Limited, London (Board of Directors)
- Deutsche Post Com GmbH, Bonn (Shareholders' Committee)
- Deutsche Post Ventures GmbH, Bonn (Investment Committee)

Mr. Bert Alexander Schwank
Director and Head of Division Informationstechnologie Deutsche Post AG to 2000 (Supervisory Board until May 22, 2001)
Further Supervisory Board seats:
- Deutsche Post Kontraktlogistik GmbH, Bonn.

The total remuneration of the Executive Board for the financial year 2000 amounted to € (k) 1,627 (previous year € (k) 764 plus 16,500 subscription rights each correspon-ding to one share in GFT Technologies AG as per the stock options program started in the year 2000).

The total remuneration of the Supervisory Board for the financial year 2001 amounted to € (k) 54 (previous year € (k) 56) plus 3,000 subscription rights each corresponding to one share in GFT Technologies AG as per the stock options program started in the year 2000.

As of December 31, 2001, members of the Supervisory Board held 1,802 shares and 6,168 subscription rights, each correspon-ding to one share in GFT AG (previous year 3,822 shares and 13,800 subscription rights); members of the Executive Board held 9,037,586 shares and 70,845 subscription rights, each corresponding to one share in GFT AG (previous year 8,988,641 shares, 70,845 subscription rights).

Employees

An average of 418 members of staff (previous year 253) were employed in the financial year 2001.

Group financial statements

As the parent company of the GFT Group, GFT AG will prepare group financial state-ments according to § 292a HGB.

St. Georgen, March 12, 2002

The Executive Board

Ulrich Dietz	Dr. Thomas Gumsheimer	Dr. Erwin Haller	Roland Härtner	Dr. Markus Kerber
Executive Board	Executive Board	Executive Board	Executive Board	Executive Board
(Chief Executive Officer)				

Auditor's certification of the annual financial statements

We have audited the annual financial statements, including the accounting, and the summarised management report and group management report for GFT Technologies Aktiengesellschaft, St. Georgen, for the financial year from January 1, 2001 to December 31, 2001. The company's legal representatives are responsible for the accounting and the preparation of the annual financial statements and the summarised management report and group management report in accordance with prescriptions of German commercial law. Our task is to submit an assessment, based on our audit, of the annual financial statements, including the accounting, and the summarised management report and group management report.

We undertook our audit of the annual financial statements in accordance with § 317 of the German Commercial Code, whilst complying with the German principles of proper accounts auditing which are laid down by the German Institute of Qualified Auditors (Institut der Wirtschaftsprüfer = IDW). These state that the audit is to be planned and implemented in such a way that mistakes and errors having a significant effect on the presentation of the picture of the assets, financial and earnings position ascertained by means of the annual financial statements – whilst complying with the principles of proper accounting – and the summarised management report may be recognised with a sufficient degree of certainty. In determining the audit activities, knowledge of the area of business, the company's economic and legal environment and anticipations of possible errors are taken into consideration. As part of the audit, the effectiveness of the internal accounting control system and proofs of the information provided in respect of the accounting, annual financial statements and summarised management report are assessed mainly on the basis of samples. The audit includes an assessment of the accounting principles applied, the main valuations presented by the legal representatives and an appraisal of the overall presentation of the annual financial statements and the summarised management report.
We are of the opinion that our audit forms a sufficiently certain basis for our assessment.

Our audit did not meet with any objections.

We are satisfied that the annual financial statements provide a picture of the company's asset, financial and earnings situation which is in keeping with the actual facts and complies with the principles of proper accounting. The summarised management report and group management report provide overall a correct account of the company's position and correctly present the risks relating to future development.

Stuttgart, March 12, 2002

Grant Thornton GmbH
Auditing firm

Müller, Chartered accountant

Hämmerle, Chartered accountant

Auditor's certification of the group's financial statements

We have examined the group financial statements drawn up by GFT Technologies Aktiengesellschaft, St Georgen, consisting of a balance sheet, a profit and loss statement, an assessment of the change in the equity capital position, a funds statement and notes to the financial statements for the financial year from January 1, 2001 to December 31, 2001. The company's Executive Board is responsible for the preparation and content of the group financial statements. Our task is to judge on the basis of the audit carried out by us whether the group financial statements conform to International Accounting Standards (IAS). We undertook our audit of the group annual financial statements in accordance with German audit regulations, whilst complying with the German principles of proper accounts auditing which are laid down by the German Institute of Qualified Auditors (Institut der Wirtschaftsprüfer = IDW). These state that the audit is to be planned and implemented such that an assessment may be made with a sufficient degree of certainty as to whether the group financial statements are free of significant errors. In determining the audit activities, knowledge of the area of business, the group's economic and legal environment and anticipations of possible errors are taken into consideration. As part of the audit, proofs relating to the stated amounts and to information in the group financial statements are assessed on the basis of samples. The audit includes an assessment of the accounting principles applied, the main valuations presented by the legal representatives and an appraisal of the overall presentation of the group financial statements. We are of the opinion that our audit forms a sufficiently certain basis for our assessment.

We are satisfied that the group financial statements conform to the IAS and provide a picture of the group's asset, financial and earnings situation and of the payment flows for the financial year that corresponds to the actual situation.

Our audit, which covered the management report and group management report prepared by the Executive Board for the financial year from January 1, 2001 to December 31, 2001, has not met with any objections.

We are satisfied that overall the summarised management report and group management report, together with the other information contained in the group financial statements, provide a correct account of the group's situation and correctly present the risks relating to future development. We also confirm that the group financial statements and the summarised management report and group management report for the financial year from January 1, 2001 to December 31, 2001 meet the conditions for the company's exemption from the preparation of group financial statements and a group management report in accordance with German law.

Stuttgart, March 15, 2002

Grant Thornton GmbH
Auditing firm

Müller, Chartered accountant

Hämmerle, Chartered accountant

Glossary

Backend
Term used for established operational hardware and/or software systems, which support existing business processes in the background.

Content Management
Administration of the contents of a website. This usually includes tasks such as: maintenance of contents, dynamic generation of websites, event-controlled or user-controlled presentation of contents and management of user rights.

Customer Relationship Management (CRM)
Term used to denote the methods, strategies and technological solutions that support a company during the organization and maintenance of customer data and in cultivating long-term customer relations.

Digital Signature
Electronic signature. Should dispel doubts regarding the identity of a communication and business partner on the Internet, primarily during payment transactions and legally binding transactions. Will be assigned by an authorized center (Trust Center).

Document Management
Application, which enables business processes to access documents of different types and origins on a common platform. These documents can be paper, fax, e-Mail, Internet transactions or office documents.

e-Government
This concept enables Government authorities and State institutions to use central websites to exchange information more effectively and facilitates efficient handling of transactions.

End-to-end Solution
Covers the complete digital value chain – from frontend up to and including backend.

Enterprise Application Integration (EAI)
Use of methods, technologies and tools with the aim of modernizing, consolidating and integrating information systems throughout the company.

Enterprise Portals
Extensive Internet platform with central access and management, which bundles the presentation and functionality of all existing websites of a company (Internet, Extranet and Intranet).

Enterprise Resource Planning (ERP)
Business application software (e.g. SAP R/3), which identifies and plans resources throughout the company. It can be used to handle customer orders from the conclusion of the contract right up to billing and accounting.

Frontend
Graphical user interfaces providing the user interaction, navigation and communication as well as access to programs.

HYPARCHIV
Archiving and document management system developed by GFT. Can be accessed via the Internet. Organizes the entire document pool in the company and can be implemented through interfaces in heterogeneous IT environment. HYPARCHIV ensures permanent long-term archiving for ERP, mail systems and web applications. –> Enterprise Resource Planning (ERP)

Information Architecture
Development of user-friendly and customer-friendly application models of websites. Information architects determine the need, implement the customer's requirements in a stringent conception and take into account the viewpoint of the potential user.

Information Technology (IT)
Ranges from data processing in the company via Internet technologies right up to mobile communication via cell phones.

Intrusion Detection
Also termed 'Ethical Hacking'. This denotes the analysis of vulnerabilities of computer systems by independent experts and is carried out with the consent of the systems operator.

Knowledge Management
Systematic preparation and maintenance of knowledge along organizational interfaces. The aim is to support concrete business processes.

Cryptography
Coding and encryption of data to ensure that it can only be understood by authorized persons. Aimed at secure transmission of data and protecting data from authorized access.

Legitimation Server
Technology developed by GFT. Supports the most diverse identification procedures on all channels (PCs, Notebooks, PDAs, WAP cell phones and future Web TV and Web telephone) and thus enables the combination of legitimizing procedures.

m-Commerce
Mobile trade. Generic term for all business transactions on wireless Internet-enabled devices, such as ordering and paying for goods and/or services, using information services via SMS, online banking and the security solutions during these business transactions and payments. Devices that could be used include WAP cell phones, web pads and PDAs.

Micro payment
Electronic mode of payment of small amounts on the Internet. Based on a credit account at a dealer. The customer stocks this account with any amount, which he can then use little by little. Useful system to retrieve paid information, music compositions or services.

Multi-Channel
Parallel use of diverse communication channels. In addition to the Internet and e-Mail, the use of call centers, WAP cell phones, PDAs, web pads, etc. is becoming increasingly popular as instruments for communication and as distribution channels.

Registration Server
Technology developed by GFT. Takes over the required steps for a registration procedure, from login and renewal of certificates right up to blocking queries. All the customer data is managed in the Registration Server.

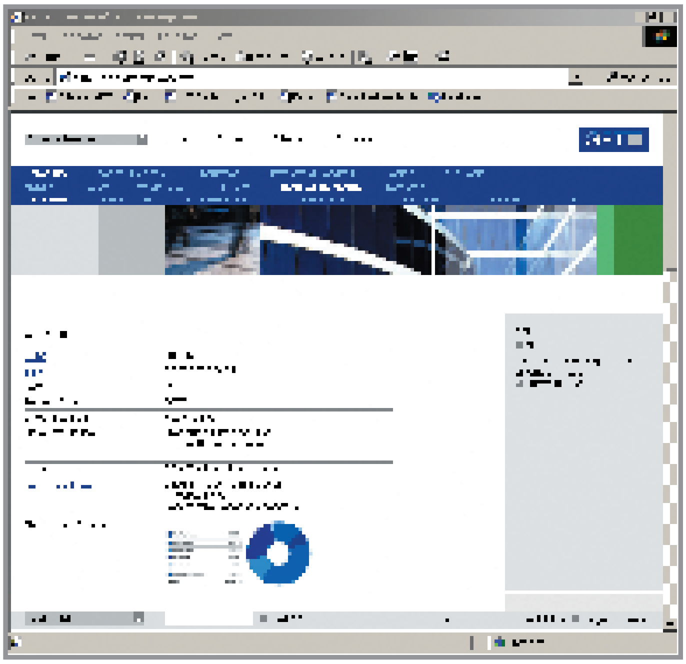
Security
Identity, authenticity and confidentiality – the security of data and online transactions becomes increasingly significant with the growing proliferation of electronic business transactions.

Important Dates

Annual Results	
Press Conference	March 27, 2002
Analysts Conference	March 28, 2002
Three Month´s Statement	May 16, 2002
Annual General Meeting	May 29, 2002
Six Month´s Statement	August 15, 2002
Nine Month´s Statement	November 14, 2002

Further Information

Should you have any queries, please do not hesitate to contact our Investor Relations Team, which will be able to answer your questions. Or you might want to visit our website at www.gft.com/ir. There you will find further information on our company and the GFT share.



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