Interim Report on March, 31

3M 2012

GK SOFTWARE

Summary of Consolidated Results

	31.3.2012 (not audited)	31.3.2011 (not audited)	31.12.2011 (audited)
Sales (EUR K)	**7,445**	6,720	31,753
Operating performance (EUR K)	**7,814**	6,898	33,242
Total operating revenues (EUR K)	**8,356**	7,173	33,971
EBIT (EUR K)	**1,376**	1,168	6,654
EBIT margin (on sales)	**18.5%**	17.4%	21.0%
EBIT margin (on total operating revenue)	**16.5%**	16.3%	19.6%
EBT (EUR K)	**1,359**	1,150	6,569
Net income for the period (EUR)	**1,123**	682	4,564
Earnings per share (weighted) (EUR)	**0.63**	0.38	2.55
Equity ratio	**64.9%**	54.3%	64.9%

Contents

To the shareholders

Letter from the Management Board

Dear shareholders,

The first three months of fiscal year 2012 have once again confirmed the long-term positive development of GK SOFTWARE[1] and enabled us to grow the company further.

With sales of EUR 7.4 million (compared with EUR 6.7 million last year) we have significantly exceeded the result achieved in the first quarter of last year by some 11 percent. Meanwhile, at EUR 8.4 million, the company's operating performance improved even more substantially, growing from the EUR 7.2 million generated in the same reporting period last year by more than 17 percent. At the same time, our earnings before interest and tax were around EUR 1.4 million, which is equivalent to an increase of almost 18 percent (Q1 2011: EUR 1.2 million). The resulting EBIT margin is 18.5 percent (last year=17.4 percent). Overall, the first quarter results were at the upper end of our expectations and substantiate our forecast for the full year.

Our forecast is currently also supported by the macroeconomic figures, although as before these are strongly subject to change, since it cannot be foreseen how the situation in Greece and other eurozone countries will develop. 2012 is expected to be yet another year of growth in Germany, albeit with a growth rate which, at 0.9 percent, will be lower than the previous year. Other developed economies are also in a cautiously upward trend, although those countries most severely affected by the financial crisis will face a decline. We are witnessing similar developments in the retail sector, which is important to our company's future. As a result, we expect to see growth this year in our core markets and our target markets. This will have a positive influence on the retail sector's willingness to invest and could open up new opportunities for GK SOFTWARE AG.

In the first quarter of the financial year, GK SOFTWARE's project-based activities were characterized by customer projects which were further developed and advanced on schedule. This included the successful delivery of initial projects and their associated roll-outs, completion of changes of release over to the new major release and the continuation of mass roll-outs. Around 2,500 new systems were installed in just one project in Russia, for instance, which ran between February and March. In comparison with the same quarter of last year, we were able to increase our base number of installations to 131,000 systems (2011=95,000) in 27,300 stores (2011=22,500).

In the area of software development, the first quarter was characterized by new and further developments which included, for example, our GK/Retail Open Scale software successfully receiving certification from the "Physikalisch-Technische Bundesanstalt" (PTB), completion of our "Deutschland rundet auf" customer campaign and the release of a new version of the mobile check-out for the iPhone and iPod. Furthermore, we collaborated with Postbank at the EuroCIS trade show to demonstrate a fully integrated banking solution including cash handling.

At the beginning of January, together with SAP, we were able to gain a major new customer in the shape of Valora Retail. Valora operates over 2,000 stores in various lines of business in Germany, Austria, Switzerland and Luxemburg. By partnering with SAP, we were able to successfully complete our first sales project outside of Germany with this customer.

In terms of partnerships, in addition to our strong existing relationships – in particular with SAP and Bizerba – it remains very important to select suitable global implementation partners, and we have

1 The expression GK SOFTWARE always refers to the corporate group in the following text. The same is true of the term "the company." When GK SOFTWARE AG is used, this exclusively refers to the individual company.

continued to focus on this during the reporting period.

Based on the results so far, we still regard the forecast we presented in our 2011 Annual Report to be realistic. We therefore continue to expect to be able to increase sales for the full year while achieving a margin within our target corridor of 18 to 20 percent. This forecast is supported by a good sales pipeline and the fact that we expect to be able to continue to develop all our projects on schedule.

This forecast is subject to the proviso that no extraordinary events occur and that the developments in the eurozone do not lead to any disruption in the overall economy or in the retail sector.

We are nevertheless confident at this time that we will once again be able to further develop our business successfully in 2012.

We are delighted that you are supporting growth at GK SOFTWARE AG and we would like to thank you for the long-term confidence that you have placed in the company.

Schöneck, 25 May 2012

The Management Board

Rainer Gläß
(CEO)

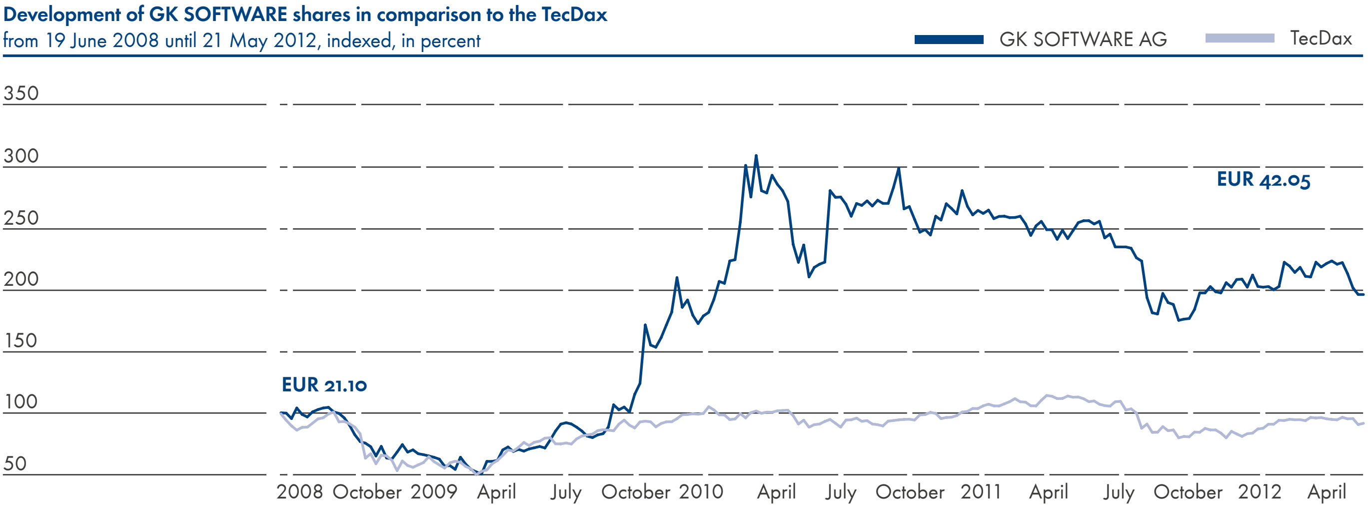
André Hergert
(CFO)

Michael Jaszczyk
(CTO)

Oliver Kantner
(COO)

GK SOFTWARE AG Shares

Development of GK SOFTWARE shares in comparison to the TecDax
from 19 June 2008 until 21 May 2012, indexed, in percent



Summary

Basic Data

Basic data	
Securities Identification Number (WKN)	757142
ISIN	DE0007571424
Trading symbol	GKS
GK SOFTWARE AG IPO	19 June 2008
Type of shares	Ordinary stock in the name of the holder without any nominal value (individual share certificates)
Trading markets	Frankfurt and XETRA
Market segment	Regulated Market (Prime Standard)
Designated Sponsor	ICF Kursmakler AG
Number of shares	1,790.000
Share capital	EUR 1,790.000
Free float	42.63 %
Highest price in 2012	EUR 44.00 (4 April 2012)
Lowest price in 2012	EUR 38.00 (17 January 2012)

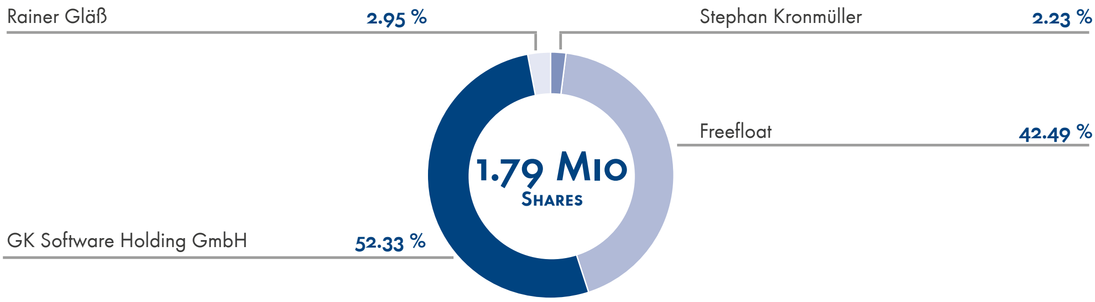
Summary/Share Performance

During the first quarter of 2012, the value of GK SOFTWARE AG shares listed on the Prime Standard section of the Frankfurt Stock Exchange initially declined somewhat in January. We subsequently experienced a strong upwards trend, with prices peaking at EUR 44 in February. At the end of the reporting period on 31 March, the share price stood at EUR 42.05. This represented a market capitalization of approximately EUR 76 million.

Shareholder Structure

GK SOFTWARE AG has a very stable shareholder base, which is enabling the company to develop in the long term in a sustainable manner. The company had the following shareholder structure on the reporting date on 31 March 2012: The founder and CEO Rainer Gläß directly held 2.95 percent of the shares. Stephan Kronmüller, also a company founder and the former CTO on the Management Board, directly held 2.23 percent of the shares. 52.33 percent of the shares were

Shareholder Structure
for GK SOFTWARE AG on 31 March 2012



owned by GK Software Holding GmbH, which was indirectly equally shared by the company partners Rainer Gläß and Stephan Kronmüller. This meant that 42.49 percent of the shares were in free float on 31 March 2012.

The company was informed about the following holdings in GK SOFTWARE AG, which exceeded or fell below the 3 percent threshold:

- Mr. Andreas Bremke 3.99 percent (on 16 August 2011)
- Scherzer & Co. AG, Cologne: 5.23 percent (on 6 March 2012)

Brief Interim Group Management Report

Economic Report

Business and General Conditions for GK SOFTWARE

Market and Competitive Environment

Business developments at GK SOFTWARE AG are significantly affected by economic developments in the retail sector, both in Germany and Europe. At present, both the fundamental data and the general mood of retailers are positive. After strong performance last year, which saw gross domestic product increase by three percent, the Ifo Institute forecasts that Germany will grow again this year, albeit at a weaker rate of just 0.9 percent. However, the signs are not positive for all members of the eurozone, since some countries are predicted to experience slight declines.[1] Nevertheless, the Ifo Institute expects that we in the "advanced economies" will see a modest growth rate of 1.3 percent in 2012, which will increase to 1.8 percent in 2013.[2] Stronger growth rates are expected for Germany, too, next year. The IMF makes similar estimates, predicting that Germany will grow by 0.6 percent this year and 1.5 percent next year.[3]

The situation in the retail sector is similar to that in the overall economy. GfK predicts that retail sales will grow, for instance, in Germany (+1.1), the UK (+2.66), France (+1.81), Austria (+2.31) and Russia (+8.92). However, expectations are for continued negative growth rates in other countries, especially those that have been most severely affected by the current financial crisis, such as Greece (−15), Spain (−4.17), Portugal (−5.85) and Ireland (−1.28).[4]

After the nominal growth rate of 2.1 percent seen in 2010, the year 2011 once again brought clear growth. Retail sales (excluding automotive trade, petrol stations, fuel and pharmacies) increased by 2.4 percent, reaching a record figure of 414.4 billion euros.[5] For the current year, HDE (Handelsverband Deutschland) is expecting a growth rate of 1.5 percent.[6] Meanwhile, important drivers of consumer demand and hence growth remain intact. These include a stable job market and a positive consumer climate. At the same time, HDE predicts that consumer prices will rise less significantly than they did in 2011.[7] In conjunction with the expected rise in wage levels in 2012, this will have a positive effect on retail sales. This positive outlook for Germany is also supported by the sales figures for March, which showed nominal growth compared with the same month last year at 4.5 percent (in real terms 2.5).[8] Similarly positive developments can be seen in the USA, for example, where sales in February and March exceeded expectations and grew by 1.0 and 0.8 percent respectively compared with the same months last year.

This is in line with the current level of consumer confidence, which GfK has identified as being 'stable'. Meanwhile, expectations about the state of the economy and willingness to invest took a slight downturn although overall they still remained at a very high level. On the other hand, expectations about levels of income have increased tangibly.[9] Considering the general consumer climate as an overall indicator in March 2012, GfK observed a slight yet steady upward trend and believes that consumption will this year increase by around one percent in real terms, which will have a significant

1 http://www.cesifo-group.de/portal/page/portal/ifoHome/e-pr/e1pz/_generic_press_item_detail?p_itemid=18123450
2 Ebenda
3 http://www.handelsblatt.com/politik/konjunktur/nachrichten/iwf-laenderbericht-deutschland-hat-gute-wachstumsaussichten/6607558.html
4 http://www.gfk-geomarketing.de/fileadmin/newsletter/bild_des_monats/04_2012.html
5 http://www.einzelhandel.de/pb/site/hde/get/params_Dattachment/1484838/GrafikenPK.pdf
6 Ebenda, Charts zur Jahrespressekonferenz 2012 des HDE, Folie 14.
7 Jahres-Pressekonferenz des HDE am 31. Januar 2012, Rede des HDE-Hauptgeschäftsführers Stefan Genth, http://www.einzelhandel.de/pb/site/hde/get/params_Dattachment/1484832/Rede_Genth_JahresPK.pdf
8 https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2012/04/PD12_151_45212.html
9 http://www.gfk.com/group/press_information/press_releases/009476/index.de.html

impact, both on the wider economy in general and on the situation in the retail sector in particular.

As demonstrated by the recent study by the EHI Retail Institute, entitled 'Kassensysteme 2012 – Fakten, Hintergründe und Perspektiven', overall investment needs within the retail sector remain high.[10] The age of software currently in use has risen further – almost 25 percent of solutions are over 10 years old – and around a quarter of all retailers are either planning to embark on a new tendering process or are already involved in one.[11] At the same time, concepts which are perfectly aligned with GK SOFTWARE's areas of expertise, such as touchscreens, real-time connections, mobile couponing or touchless payment, are continuing to gain in importance. Even the topic of self-checkout, which is still underrepresented in Germany compared to other developed markets, appears to be slowly gathering pace.

These forecasts, which are positive when taken as a whole, would suggest that suppliers of IT solutions for the retail sector can once again be optimistic about the year ahead. Nevertheless, this situation can be drastically affected by factors external to the sector such as the financial crisis in several eurozone countries. Failure of the rescue package for Greece or another major rise in the price of oil, for example, could cause an economic slowdown.

However, as long as the situation in Germany in general and in the retail sector in particular remains stable, the outlook for GK SOFTWARE AG remains positive since, as a rule, the company can benefit from generally high retail-sector IT budgets. A further overall improvement in the economic situation in Europe and the US would undoubtedly offer an extra boost to GK SOFTWARE's performance in all of its direct markets. At the same time, it would help to create a more positive business environment for partners working to sell GK SOFTWARE's solutions internationally.

As a result, we can currently conclude that the overall conditions for fiscal year 2012 are stable and positive. GK SOFTWARE's core and target markets are once again demonstrating growth. Therefore, the company is optimistic that the retail sector's willingness to invest will increase further, both in the short and medium term, which will open up new opportunities for GK SOFTWARE in its active markets.

The company has continued to increase its sales potential by expanding its sales activities to the USA, Great Britain and Russia and by receiving additional enquiries from markets, which it has not so far been actively working. Foreign retailers will increasingly invest in their IT systems again as the world economy recovers.

GK SOFTWARE currently holds a good position in several ongoing requests for proposals in Germany and abroad and has crucial advantages over its rivals as a result of its broad portfolio of products, the internationality of its solutions and its proven ability to complete projects quickly.

Customer Projects

In the first three months of 2012, customer projects proceeded on schedule. In addition to new projects being completed, work was also carried out to prepare large existing customers for the next major release. Thanks to a continual programme of mass roll-outs, the number of installed systems was once again increased considerably.

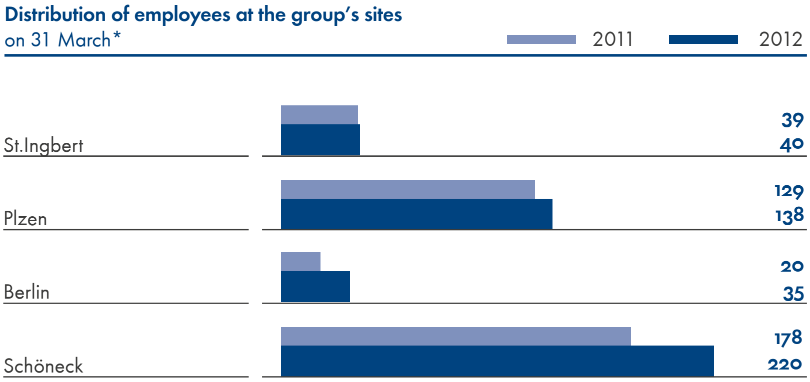
Human Resources

GK SOFTWARE currently employs 435 members of staff (figure on 31 March 2012; the previous year's figure was 366), which means that this number has grown by 69 in comparison with the same period in the previous year. Year on year, this represented an increase of approx. 19 percent, which is due to the scheduled increase in human resources in order to complete the higher overall number of projects. In particular, the software development, quality assurance and services showed further growth.

The majority of members of staff are employed at corporate headquarters in Schöneck – 220

10 EHI Retail Institute, Kassensysteme 2012, Köln 2012.
11 Ebenda, S. 30f

Distribution of employees at the group's sites
on 31 March*



* Two other employees work at the branches in Moscow and Riehen and are not shown here.

persons, in comparison with the previous year's figure of 178. There are 35 employees working at the branch in Berlin, mainly in the sales & marketing, project management and partner management or the hotline departments (20 employees on the reporting date in the previous year). The Czech subsidiary EUROSOFTWARE s.r.o. current employs 138 people (129 in the previous year). There were 40 employees working at St. Ingbert on 31 March 2012 – i.e. one fewer than on the reporting date in the previous year.

The major focus in the development of human resources continues to primarily be on integrating and familiarizing the permanently growing number of employees. For this purpose, special familiarization plans, trainee and mentoring programs have been developed. GK SOFTWARE will continue to hire highly qualified members of staff at its various business locations in the future too in order to be able to respond to the growth in work in an appropriate way.

Explanation of the Business Results and an Analysis of the Assets, Financial and Earnings Situation

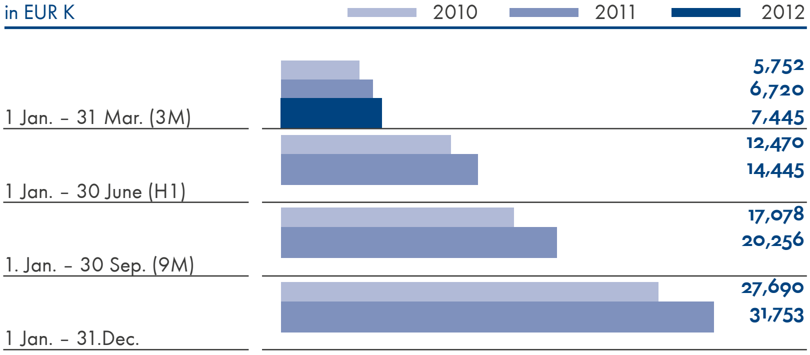
Earnings Situation

GK SOFTWARE was able to increase its sales from EUR 6.72 million to EUR 7.44 million during the first quarter of 2012; this represents an increase of 10.8 percent over the same period in the previous year. Taking into account own work capitalized, operating performance rose to EUR 7.81 million following a figure of EUR 6.90 million in the same period in 2011. This represents an increase of 13.3 percent. This increase is a result of the higher capitalized costs of developing proprietary software, which roughly doubled compared with the same period last year. This is due to product development provisions from last year which have run on into the first quarter of this year.

The sales increase of EUR 0.72 million is due to the expansion of the business in the area of the GK/Retail software solution. With an increase of EUR 0.84 million, or 13.6 percent, to the current EUR 7.00 million, the core business made a substantial contribution to getting fiscal year 2012 off to a successful start. This increase was based on the improvement in licensing revenues which rose dramatically to EUR 1.67 million, showing an increase of EUR 1.28 million which was more than treble last year's figure of EUR 0.39 million. The reason for this can be found in the project status of a whole range of projects which involved pilots being run. The maintenance activities also increased, amounting to EUR 1.64 million in the area of GK/Retail which exceeded the previous year's figure by EUR 0.30 million or 22.3 percent. In contrast, the revenues from services are notably in lower. Services generated only EUR 3.64 million in the first quarter of this fiscal year, compared with EUR 4.40 million in the same period last year. This decline is due to considerable preparatory expenses for acquisitions in reaction to a number of business opportunities which arose simultaneously.

The SQRS segment also developed in line with expectations. Once again, sales from services dropped below the previous year's levels and reached only EUR 0.07 million compared with EUR 0.17 million in the first three months of 2011. Sales from maintenance remained almost exactly at last year's level, at EUR 0.38 million (same period last year: EUR 0.39 million).

Quarterly sales development compared to previous years, accumulated
in EUR K



EUR K	31.3.2012		31.3.2011		Changes	
Sales	7,445	89.1%	6,720	93.7%	725	10.8%
Own work capitalized	369	4.4%	179	2.5%	191	106.8%
Operating revenues	**7,814**	**93.5%**	**6,898**	**96.2%**	**916**	**13.3%**
Other operating revenues	542	6.5%	275	3.8%	267	97.0%
Total operating revenues	**8,356**	**100.0%**	**7,173**	**100.0%**	**1,182**	**16.5%**

Expenditure on human resources has risen to a total of EUR 4.75 million, an increase of 16.8 percent compared with the same period last year. This is in line with the increase in the number of employees and approximately in line with the increase in operating performance. The main reason for this was the continued expansion of the company's development and project management capacities as a result of newly acquired major projects.

Depreciation/amortization amounted to EUR 0.47 million during the first three months of 2012 according to schedule (EUR 0.39 million in the previous year). In essence, this increase is due to the higher levels of depreciation/amortization as scheduled for own work capitalized. Other operating expenditure amounted to EUR 1.62 million (EUR 1.39 million in the same period in the previous year). This increase in costs of EUR 0.23 million was primarily due to the significant increase in efforts to attract new members of staff.

Expenditure on advertising for new employees (EUR 0.07 million) was roundabout 47 percent lower than the figure for the previous year, while other types of costs associated with the expansion of business activities rose. They included travel expenses (EUR +0.09 million) and the expenditure on buildings and office space (EUR +0.03 million).

GK SOFTWARE had group earnings before interest and taxes (EBIT) of EUR 1.38 million (EUR 1.17 million in 2011) during the reporting period. Related to sales, GK SOFTWARE generated an EBIT margin of 17.4 percent following a figure of 18.5 percent during the same period in the previous year.

In the first quarter of the fiscal year, the financial results showed little change at EUR –0.02 million (EUR +1.5 K compared to the previous year). The results before tax rose to EUR 1.36 million from EUR 1.15 million in the same period of the previous year. After tax, the group net income for the

EUR K	3M 2012		3M 2011		Change		FY 2011	
Sales with								
GK/Retail	6,999	94.0%	6,160	91.7%	839	13.6%	29,426	92.7%
SQRS	446	6.0%	560	8.3%	(114)	(20.4%)	2,327	7.3%
Total	**7,445**	**100.0%**	**6,720**	**100.0%**	**725**	**10.8%**	**31,753**	**100.0%**
Licences	**1,667**	**22.4%**	**387**	**5.8%**	**1,280**	**330.7%**	**8,295**	**26.1%**
GK/Retail	1,667	22.4%	387	5.8%	1,280	330.7%	8,295	26.1%
SQRS	–	0.0%	–	0.0%	–	–	–	–
Maintenance	**2,017**	**27.1%**	**1,726**	**25.7%**	**291**	**16.9%**	**8,746**	**27.5%**
GK/Retail	1,639	22.0%	1,340	19.9%	299	22.3%	7,201	22.7%
SQRS	378	5.1%	386	5.7%	(8)	(2.1%)	1,545	4.9%
Services	**3,711**	**49.8%**	**4,570**	**68.0%**	**(859)**	**(18.8%)**	**14,468**	**45.6%**
GK/Retail	3,643	48.9%	4,401	65.5%	(758)	(17.2%)	13,707	43.2%
SQRS	68	0.9%	169	2.5%	(101)	(59.8%)	761	2.4%
Other business	**50**	**0.7%**	**37**	**0.6%**	**13**	**35.1%**	**244**	**0.8%**
GK/Retail	50	0.7%	32	0.5%	18	56.3%	223	0.7%
SQRS	–	0.0%	5	0.1%	(5)	(100.0%)	21	0.1%

period amounted to EUR 1.12 million (EUR 0.68 million in the previous year). The increase in the result after tax is specifically due to refunds of the previous year's advance payments. The group's tax rate has not changed permanently.This represents earnings per share of EUR 0.63 in terms of the 1,790,000 shares in circulation, following a figure of EUR 0.38 per share in the previous year.

EUR K	31.3.2012		31.12.2011		Change	
Non-current assets	14,619	32.3%	14,125	32.5%	494	3.5%
Current assets or cash and cash equivalents	10,252	22.6%	15,490	35.6%	(5,238)	(33.8%)
Cash and cash equivalents	20,427	45.1%	13,859	31.9%	6,568	47.4%
Assets	**45,298**	**100.0%**	**43,475**	**100.0%**	**1,824**	**4.2%**
Equity	29,418	64.9%	28,231	64.9%	1,187	4.2%
Non-current liabilities	7,186	15.9%	6,623	15.2%	564	8.5%
Current liabilities	8,694	19.2%	8,621	19.8%	73	0.9%
Liabilities	**45,298**	**100.0%**	**43,475**	**100.0%**	**1,824**	**4.2%**

EUR K	31.3.2012		31.3.2011		Change	
EBIT	**1,376**	**18.5%**	**1,168**	**17.4%**	**208**	**17.8%**
EBT	**1,359**	**18.3%**	**1,150**	**17.1%**	**209**	**18.2%**
Net income for the period	**1,123**	**15.1%**	**682**	**10.2%**	**441**	**64.6%**

Assets Situation

In comparison with the end of year figure for 2011, the balance sheet total increased by EUR 1.83 million to EUR 45.30 million. During the course of business, the Group's reported equity rose by EUR 1.19 million from EUR 28.23 million on 31 December 2011 to EUR 29.42 million on 31 March 2012 during the first three months of the business year.

The equity ratio now stands at 64.9 percent and matches the figure on the balance sheet date for fiscal 2011

Non-current accounts payable rose from EUR 6.62 million on the reporting date for fiscal 2011 to EUR 7.19 million. While non-current bank accounts payable fell by EUR −0.21 million to EUR 4.20 million as a result of reclassification of short-term debt, the deferred grants from the public sector remained almost unchanged at EUR 0.98 million (balance sheet date for fiscal 2011: EUR 0.99 million). Deferred tax assets and liabilities rose by EUR 0.79 million to EUR 1.82 million and therefore more than compensated for the decline in non-current bank accounts payable. The increase in deferred tax assets and liabilities is due to own work capitalized and revenue recognition based on the degree of completion.

Current accounts payable rose from EUR 8.62 million at the end of fiscal 2011 to EUR 8.69 million. This change was dominated by two major, contrary developments. While the advance payments received rose by EUR 1.29 million from EUR 0.86 million to EUR 2.15 million, other current accounts payable declined from EUR 5.03 million to EUR 3.85 million. This decline is primarily due to the change in sales tax liability, which ended higher in December 2011 than the other months of the fiscal year because of the large number of invoices issued.

In terms of assets, the carrying amount of non-current assets rose by EUR 0.50 million from EUR 14.12 million at the end of the previous fiscal year to EUR 14.62 million at the end of the first quarter of the current fiscal. Property, plant and equipment at a value of EUR 4.14 million compared with EUR 4.12 million at the end of 2011 remained almost unchanged, as did the intangible assets, the value of which rose to EUR 9.60 million from EUR 9.54 million in the same period last year. The increase in the value of intangible assets is due to the increased value of proprietary software, which rose from EUR 2.36 million to EUR 2.48 million, while the value of relationship capital and intangible assets (in effect software) declined as expected each by EUR 0.03 million respectively. The increase in the value of non-current assets is due to the increase in active deferred taxes which increased by EUR 0.42 million to EUR 0.88 million.

Current asset items accounted for figures of EUR 30.68 million, following figures of EUR 29.35 million on the reporting date for fiscal 2011. Cash and cash equivalents, which rose by EUR 6.57 million to a figure of EUR 20.43 million, compared to the figure of EUR 13.86 million on the reporting date for fiscal 2011, accounted for the lion's share of these figures. But trade accounts receivable fell. The decline here amounted to EUR 7.99 million, compared to the figure on 31 December 2011, with the result that EUR 3.31 million was still unpaid. However, accounts receivable from ongoing work rose by EUR 2.38 million to a current figure of EUR 3.02 million.

Financial Situation

Cash flow in the narrower sense (mainly the pre-tax results, adjusted by depreciation/amortization that does not affect liquidity) amounted to EUR 1.75 million at the reporting date. During the whole of the previous year, the figure was EUR 8.76 million. The cash flow from operating activities amounted to EUR 7.38 million (EUR 4.75 million for the whole of fiscal 2011) during the reporting period. This shift is the result of a significant reduction in the net current assets, where it was possible to reduce the trade accounts receivable by EUR 5.91 million. The cash flow from investment activities amounted to a total figure of EUR −0.66 million in fiscal 2012 until 31 March (the figure was EUR −2.69 million for the whole of fiscal 2011). The cash flow from financial activities amounted to EUR −0.16 million (an influx of EUR 1.64 million for the whole of fiscal 2011). The reason for the outflow of funds was the contractual repayments of non-current bank liabilities of EUR 0.21 million. Overall, funds totaling EUR 6.56 million accrued for the company during the reporting period so that the cash and cash equivalents stood at EUR 20.43 million.

Report on Risks and Prospects at GK SOFTWARE

Opportunities and Risks for GK SOFTWARE

No major changes to the risk situation at GK SOFTWARE, which could have a significant effect on the development of the company's business during the remaining months of the current business year, have taken place in the current course of business during fiscal 2012 when compared to the statements made in the group management report for fiscal 2011. Therefore, the description of the potential with regard to opportunities and risks in future developments at GK SOFTWARE made in the group management report on fiscal 2011 continue to be valid without any major changes.

Outlook

In the light of an upward trend in the developed economies, the Management Board believes that the Group's financial and earnings situation will progress in such a way that the Group's earnings situation in fiscals 2012 and 2013 will continue to improve through further growth in sales and that no developments, which could pose a threat to the company's ongoing existence, will occur as a result of the financial situation.

We stand by the strategy of continuing the course of internationalization during fiscals 2012 and 2013 and achieving significant shares of sales with corporations, which have their management headquarters outside Germany. In addition, the company is aiming to expand operations into other retail segments in the German market and penetrate sectors that have already been tapped into to an even greater degree.

The Management Board therefore continues to stand by the forecast that it made in the group management report for fiscal 2011: If we follow the estimates on the development of the overall economy and the retail sector, it is probable that the company will be able to expand its sales. The Management Board therefore assumes that the degree of profitability that has been achieved in the past will be maintained.

Forecasts for fiscal 2013 are inevitably less certain. In our opinion, however, there are no reasons which make it likely that business developments will be any different from those of the previous years: we are therefore expecting further double digit growth for the GK/Retail business sector in 2013. However, we are expecting declines in the SQRS business sector during 2012. In terms of profitability, we are expecting the current margin level to be maintained. Based on this development, we are not expecting any negative impact on the current excellent financial situation.

Consolidated Accounts

Consolidated Balance Sheet on 31 March 2012

Assets

EUR	31.3.2012 (not audited)	31.12.2011 (audited)
Non-Current Assets		
Property, Plant and Equipment	4,142,941.31	4,123,710.73
Intangible Assets	9,600,481.32	9,540,196.70
Financial Assets	300.00	300.00
Deferred Taxes	875,066.79	460,424.00
Total Non-Current Assets	**14,618,789.42**	**14,124,631.43**
Current Assets		
Trade Accounts Receivable	3,307,884.09	11,300,926.80
Accounts Receivable from Ongoing Work	3,023,661.87	644,136.67
Income Tax Assets	492,598.51	266,366.76
Other Accounts Receivable and Assets	3,428,306.78	3,279,053.32
Cash and Cash Equivalents	20,427,021.96	13,859,453.69
Total Current Assets	**30,679,473.21**	**29,349,937.24**
Balance Sheet Total	**45,298,262.63**	**43,474,568.67**

Liabilities

EUR	31.3.2012 (not audited)	31.12.2011 (audited)
Equity		
Subscribed Capital	1,790,000.00	1,790,000.00
Capital Reserves	14,240,768.73	14,177,069.73
Retained Earnings	31,095.02	31,095.02
Balance Sheet Profits	13,355,995.19	12,233,021.71
Total Equity	**29,417,858.94**	**28,231,186.46**
Non-Current Liabilities		
Provisions for Pensions and Similar Obligations	192,001.18	193,013.84
Non-Current Bank Liabilities	4,200,000.00	4,408,500.00
Deferred Public Sector Subsidies	975,158.64	991,700.25
Deferred Tax Assets and Liabilities	1,819,241.75	1,029,658.66
Total Non-Current Liabilities	**7,186,401.57**	**6,622,872.75**
Current Liabilities		
Current Provisions	834,503.64	915,737.93
Current Bank Liabilities	879,317.48	834,000.00
Trade Accounts Payable	302,854.08	328,930.35
Initial Payments Received	2,153,828.65	857,006.53
Income Tax Liabilities	670,457.76	651,004.89
Other Current Liabilities	3,853,040.51	5,033,829.76
Total Current Liabilities	**8,694,002.12**	**8,620,509.46**
Total Liabilities	**15,880,403.69**	**15,243,382.21**
Balance Sheet Total	**45,298,262.63**	**43,474,568.67**

Consolidated Income Statement on 31 March 2012

EUR	31.3.2012 (not audited)	31.3.2011 (not audited)	31.12.2011 (audited)
Ongoing Business Divisions			
Sales Revenues	7,444,792.38	6,719,860.87	31,753,349.73
Own Work Capitalized	369,218.60	178,578.67	1,488,785.20
Other Operating Revenues	541,801.58	274,985.46	728,693.49
	8,355,812.56	**7,173,425.00**	**33,970,828.42**
Materials Expenditure	(141,221.01)	(161,219.86)	(611,089.74)
Human Resources Expenditure	(4,745,636.96)	(4,063,349.17)	(18,601,324.61)
Depreciation and Amortization	(468,407.25)	(390,989.19)	(1,946,886.31)
Other Operating Expenditure	(1,624,729.02)	(1,389,998.27)	(6,157,727.59)
	6,979,994.24	**6,005,556.49**	(27,317,028.25)
Operating Results	**1,375,818.32**	**1,167,868.51**	**6,653,800.17**
Financial Results	(16,531.29)	(18,010.32)	(85,004.43)
Results before Income Taxes	**1,359,287.03**	**1,149,858.19**	**6,568,795.74**
Income Taxes	(236,313.55)	(467,552.15)	(2,004,541.63)
Net Income for Period	**1,122,973.48**	**682,306.04**	**4,564,254.11**
Profits Carried Forward	12,233,021.71	4,344,821.88	7,668,767.60
Consolidated Balance Sheet Profits	**13,355,995.19**	**5,027,127.92**	**12,233,021.71**
Number of Shares Issued (Average Figure)	1,790,000	1,790,000	1,790,000
Non-Diluted Earnings per Share (EUR/Share)	**0.63**	**0.38**	**2.55**

Consolidated Results Accounts on 31 March 2012

EUR	31.3.2012 (not audited)	31.3.2011 (not audited)	31.12.2011 (audited)
Consolidated annual net income	**1,122,973.48**	**682,306.04**	**4,564,254.11**
Equity procurement costs	–	–	–
Tax effect of equity procurement costs	–	–	–
Other results	–	–	–
Total results	**1,122,973.48**	**682,306.04**	**4,564,254.11**
Allocation of total results to the owners of the parent company	**1,122,973.48**	**682,306.04**	**4,564,254.11**

Development of Consolidated Equity Capital on 31 March 2012

EUR	Subscribed Capital	Capital Reserves	Retained Earnings	Balance Sheet Profits	Total
Figures on 1 January 2011	**1,790,000.00**	**13,947,106.73**	**31,095.02**	**8,563,767.60**	**24,331,969.35**
Stock Option Program	0.00	51,281.00	0.00	0.00	51,281.00
Quarterly Net Income	0.00	0.00	0.00	682,306.04	682,306.04
Figures on 31 March 2011	**1,790,000.00**	**13,998,387.73**	**31,095.02**	**9,246,073.64**	**25,065,556.39**
Net Income from 1 April until 31 December 2011	0.00	0.00	0.00	3,881,948.07	3,881,948.07
Dividend Payments	0.00	0.00	0.00	(895,000.00)	(895,000.00)
Stock Option Program	0.00	178,682.00	0.00	0.00	229,963.00
Figures on 31 December 2011	**1,790,000.00**	**14,177,069.73**	**31,095.02**	**12,233,021.71**	**28,231,186.46**
Stock Option Program	0.00	63,699.00	0.00	0.00	63,699.00
Net income for the period	0.00	0.00	0.00	1,122,973.48	1,122,973.48
Figures on 31 March 2012	**1,790,000.00**	**14,240,768.73**	**31,095.02**	**13,355,995.19**	**29,417,858.94**

Consolidated Cash Flow Statement on 31 March 2012

Cash Flows from Operating Business

EUR K	31.3.2012 (not audited)	31.3.2011 (not audited)
Cash Flows from Operating Business		
Consolidated Results for the Period	1,123	682
Income Taxes Affecting Results	236	468
Stock Option Program (non-cash expenses)	64	51
Correction in Tax Expenditure	–	–
Interest Income/Expenditure Affecting Results	17	18
Profit/Loss from the Sale or Disposal of Property, Plant and Equipment	0	5
Reversals of Deferred Public Sector Subsidies	(15)	(15)
Write-Downs Recognized for Receivables	0	0
Write-Ups Recognized for Receivables	(144)	(112)
Amortization/Depreciation	468	391
	1,749	**1,488**
Changes in Net Current Assets		
Changes in Trade Accounts Receivable and Other Receivables	5,708	4,808
Changes in Trade Accounts Payable and Other Liabilities	(1,180)	(1,703)
Changes in Initial Payments Received	1,297	2,537
Changes in Provisions Affecting Results	(82)	(123)
Influx of Cash from Operating Business	**7,492**	**7,007**
Interest Payments Received	14	21
Interest Paid	(57)	(66)
Income Taxes Paid	(65)	(743)
Net Cash Flow Provided by Operating Business	**7,384**	**6,219**
Cash Flows from Investment Activities		
Payments for Property, Plant and Equipment and Non-Current Assets	(609)	(348)
Proceeds from disposals of fixed assets	0	(5)
Investment Subsidies Used	17	11
Disbursed Loans	(64)	(64)
Net Outflow of Cash and Cash Equivalents from Investment Activities (Transfer)	**(656)**	**(406)**

Cash Flow provided by financing costs, credits and means of payment

EUR K	31.3.2012 (not audited)	31.3.2011 (not audited)
Transfer (Net Outflow of Cash and Cash Equivalents from Investment Activities)	**(656)**	**(406)**
Cash Flows from Financing Activities		
Dividend Payments	–	–
Incoming Payments from Allocations of Equity Capital	–	–
Repayment Installments for Loans	45	–
Repayment Installments for Loans	(209)	(185)
Net Income in Cash and Cash Equivalents from Financing Activities	**(164)**	**(185)**
Net Income in Cash and Cash Equivalents	**6,564**	**5,628**
Cash and Cash Equivalents at the Beginning of the Fiscal Year	13,859	13,442
Impact of Changes in Exchanges Rates on Cash and Cash Equivalents	4	2
Cash and Cash Equivalents on the Reporting Date	**20,427**	**19,068**

EUR 54.5 K were pledged as security as part of a leasing contract for business accommodation for the Berlin branch and Cologne branch of GK SOFTWARE AG..

Notes on the Consolidated Accounts on 31 March 2012

Principles of Reporting

1. General Information

The brief interim consolidated accounts for GK SOFTWARE AG have been prepared in line with the International Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) that applied on the accounts reporting date. Any standards or interpretations, which have been published, but are not yet in force, have not been used for these interim consolidated accounts. The company managers assume that the effects on the annual accounts during the year that they first apply will not be major. The International Accounting Standards Board (IASB) did not publish any new accounting standards, which need to be applied for the first time in the current fiscal year.

The consolidation, balance sheet and assessment methods used in these brief interim consolidated accounts are based on the same consolidation, balance sheet and assessment methods, which were also used in the consolidated accounts in fiscal 2011, unless any different procedure is mentioned here.

2. Consolidated Companies

The interim consolidated accounts include GK SOFTWARE AG and all the companies, where GK SOFTWARE AG has a majority holding of voting rights among the shareholders.

The consolidated companies not only include the parent company, but also two other German companies (SQ IT-Services GmbH and 1. Waldstraße GmbH, both based in Schöneck/V.) and three foreign companies (EUROSOFTWARE s.r.o., Plzen/Czech Republic, OOO GK Software RUS/Moskow, StoreWeaver GmbH, Riehen/Switzerland with a German branch at St. Ingbert).

3. Sales Revenue

The revenues are exclusively the result of the sale of hardware and software and the provision of services for European customers.

During the reporting period, sales amounting to EUR 2,551 K (assets side balance sheet entry) were realized with regard to revenues, which are entered according to IAS 18.20 in conjunction with IAS 11 (customized software). The entry was made according to the degree of completion and the volume of the order. The degree of completion is made according to the principles shown in the 2011 consolidated accounts. Costs amounting to EUR 145 K (profits: EUR 2,406 K) have been incurred so far for these revenues. Advanced payments amounting to EUR 0 K for these orders have been made so far. The company has also realized revenues amounting to EUR 601 K, which have been entered in the accounts according to IAS 18.27.

Overall, all the customer orders received have an asset-sides balance sheet entry and are shown as an amount under the item entitled “Trade accounts receivable from ongoing work.”

We would refer you to the section entitled “Segment reporting” for the make-up of the total sales according to the major categories.

4. Earnings per Share

Earnings per share are calculated as the earning from the group’s reporting period’s net income divided by the weighted average number of shares in circulation. The number of shares in circulation was on average 1,790,000 in the reporting period 1,790,000 on 31 March 2011). The group's net income in the reporting period amounted to EUR 1,123 K. Hence earnings per share were 0.63 Euro (0.38 Euro on 31 March 2011). The results in the first quarter have been diluted to EUR 0.63 per share through the stock option program.

5. Segment Reporting

The structure of the segment reporting has not changed since the consolidated annual accounts were published. The group continues to offer its GK/Retail and SQRS products and services associated with them. The structure of the sales can be subdivided in both business areas according to the sale of licenses, maintenance and introductory and adaptation services. Hardware for store IT operations continues to be sold on a small scale – this hardware is manufactured by third parties.

The following summary represents the subdivision of sales according to products and business departments:

The decision discontinue the SQRS software solutions in the future has been maintained. The exchange of work between the segments is governed by service agreements, which are dictated by the normal revenues for segments in their outside markets. Administrative work is calculated on the basis of service provision agreements in line with the estimated time required based on experience in the past, using the cost price of the administrative work that is provided.

Sales with customers, which have their headquarters outside Germany, amounted to EUR 708 K during the reporting period. Sales of EUR 1,151 K were achieved with customers, whose share of the sales exceeds 10% of the total sales during the reporting period. These sales came from the GK/Retail segment.

6. Major events

There are no major events to report after 31 March 2012.

	GK/Retail			SQRS			Eliminations			Group		
EUR K	3M 2012	3M 2011	FY 2011	3M 2012	3M 2011	FY 2011	3M 2012	3M 2011	FY 2011	3M 2012	3M 2011	FY 2011
Sales with third parties	**6,999**	**6,160**	**29,426**	**446**	**560**	**2,327**	**–**	**–**	**–**	**7,445**	**6,720**	**31,753**
Licenses	1,667	387	8,295	–	–	–	–	–	–	1,667	387	8,295
Maintenance work	1,639	1,340	7,201	378	386	1,545	–	–	–	2,017	1,726	8,746
Services	3,643	4,401	13,707	68	169	761	–	–	–	3,711	4,570	14,468
Other departments	53	41	251	–	6	21	–	–	–	53	47	272
Sales deductions	(3)	(9)	(28)	–	(1)	–	–	–	–	(3)	(10)	(28)
Sales with the other segment	**351**	**358**	**1,950**	**–**	**–**	**–**	**(351)**	**(358)**	**(1,950)**	**–**	**–**	**–**
Segment EBIT	**1,365**	**1,081**	**6,686**	**11**	**192**	**(33)**	**–**	**(104)**	**–**	**1,376**	**1,169**	**6,653**
Assets	**43,541**	**45,319**	**43,347**	**2,657**	**2,815**	**2,139**	**(900)**	**(1,977)**	**(2,011)**	**45,298**	**46,155**	**43,475**
Cash and cash equivalents	**18,763**	**17,320**	**12,760**	**1,664**	**1,748**	**1,099**	**–**	**–**	**–**	**20,427**	**19,068**	**13,859**

7. Approval of the brief interim accounts

The brief interim accounts were approved by the company managers at a meeting held on 25 May 2012 and were released for publication.

Schöneck, May 2012

The Management Board

Rainer Gläß
(CEO)

André Hergert
(CFO)

Michael Jaszczyk
(CTO)

Oliver Kantner
(COO)

Imprint/Notes

Imprint

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Notes

Note to the Report

This Annual Report is the English translation of the original German version. In case of deviations between these two the German version prevails. This Annual Reports is in both languages can be downloaded at **http://investor.gk-software.com**.

Note regarding the rounding of figures

Due to the commercial rounding of figures and percentages small deviations may occur.

Disclaimer

This annual report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of GK SOFTWARE AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as "expect", "estimate", "intend", "can", "will" and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the retail and IT market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of GK SOFTWARE AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.

Financial Calendar

Annual Shareholders' Meeting in 2012	28 June 2012
H1 Interim Report for 2012	29 August 2012
Analysts' Conference	12 November 2012
9M Interim Report for 2012	28 November 2012
2013 Annual Report	26 April 2013
Q1 Interim Report for 2013	29 May 2013
Annual Shareholders' Meeting in 2013	18 June 2013
H1 Interim Report for 2013	28 August 2013
9M Interim Report for 2013	27 November 2013

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