9M 2010

Interim Report on Sept., 30

GK SOFTWARE

Summary of Consolidated Results

	30.09.2010 (not audited)	30.09.2009 (not audited)	31.12.2009 (audited)
Sales (EUR K)	**17,078**	13,160	23,277
Operating performance (EUR K)	**17,538**	14,063	23,471
Total operating revenues (EUR K)	**18,255**	14,593	24,297
EBIT (EUR K)	**2,318**	708	4,890
EBIT margin (on sales)	**13.6%**	5.4%	21.0%
EBIT margin (on total operating revenue)	**12.7%**	4.8%	20.1%
EBT (EUR K)	**2,214**	879	5,033
Net income for the period (EUR)	**1,571**	523	3,517
Earnings per share (weighted) (EUR)	**0.94**	0.31	2.11
Equity ratio (previous year as on 31.12.)	**45.9%**	58.8%	47.8%

Contents

To the shareholders

Letter from the Management Board

Dear shareholders,

GK SOFTWARE[1] has successfully completed the first nine months of fiscal 2010. We are therefore able to present excellent figures for the reporting period, which are significantly above the growth rate within the overall economy. We have therefore been able to continue unabated with our story of growth at a high level, which has continued for the past five years.

In comparison to the same period in the previous year, which was weighed down by the takeover of Solquest, both sales and earnings rose significantly again during the first nine months of 2010. Sales increased by nearly 30 percent to EUR 17.08 million. Alongside this, the operating performance increased by almost one quarter to EUR 17.54 million. When compared to the same period in the previous year, the results before interest and taxes (EBIT) more than tripled to a figure of EUR 2.32 million. The EBIT margin related to sales amounted to 13.6 percent (5.4 percent in the same period in 2009).

Developments so far confirm our previous forecast. We continue to expect double digit growth with a level of profitability that is simi-lar to previous years by the end of the year.

The recovery of the global economy is taking place faster than had been expected. The International Monetary Fund (IMF) is fore-casting stronger growth in the global economy than in the previous year. The IMF predicts ongoing strong growth for Germany. Ac-cording to these figures, the German economy will grow by 3.3 percent this year. Growth of two percent is expected next year. This positive trend is also reflected in the German retail sector. The growth level is expected to be between 1.5 and 2 percent this year, following several years of stagnation.

The first three quarters of 2010 were dominated by two factors: winning new customers and making ongoing progress on major, challenging projects. The company has opened up new markets and new retail segments in the shape of X5, the largest Russian retailer, the Austrian company MPREIS, Hornbach Baumarkt AG, Baguette Bistro-Betriebs GmbH and the well-known fashion store, Ludwig Beck. As has already been reported in the media, we are expecting another EDEKA regional company to install our store software too.

Important milestones have been passed in the completion of existing projects – e.g. the opening of pilot markets, new country versions or the start of rollouts. The company is continuing to work hard on the development of the EDEKA Lunar project, which is being managed in conjunction with SAP. The project is going according to schedule and the first pilot installation will take place at the beginning of 2011. Two minor releases were also approved during the reporting period and they have introduced many new functions.

The extension to our reseller agreement arranged with SAP this year is highly significant for our partner business. As a result, SAP has started to directly sell our POS software too and has already signed its first contract with EDEKA – which provides further potential for follow-up business.

We have also been able to further expand our relations with IBM. We have been able to port our POS software to the 4690 retail sector operating system that is very widely used in North America. This opens up new potential for the company, and not just in the USA. Alongside this, IBM has awarded our company Premium Business Partner status, the highest that a partner corporation can achieve.

The development of our share price was significantly affected by the reallocation of shares in March this year; as a result, the free float was

1 The term GK SOFTWARE in the texts here always refers to the group. The term "company" is also used in a similar way. The term GK SOFTWARE AG exclusively refers to the individual company.

increased from 24.01 percent to 34.82 percent. This reflects the positive development in our share price. The price rose from EUR 34.40 to EUR 51.50 on 30 September 2010. This represents growth of 50 percent within the reporting period. The share price on 5 November 2010 was EUR 53.50.

Our forecast for the complete business year in 2010 remains unchanged. We are expecting a continuation of positive corporate de-velopments and are forecasting further growth with appropriate levels of profitability. We are currently involved in intense negotiations with potential customers in Germany and abroad and will continue to develop all our projects in line with our planning. We continue to assume that we will be able to achieve a double-digit increase in sales during fiscal 2010.

We are standing by our forecast that our profitability will be similar to previous years and will produce an EBIT margin of approx. 18.5 percent in terms of sales. But this forecast is quite naturally subject to the condition that no extraordinary events take place, which could lead to some disruption of the general economy or the retail sector.

Regardless of whether the economy continues to flourish or another period of stagnation ensues, we still remain confident in 2010 that the course of business at GK SOFTWARE AG will continue to be a success story.

We are delighted that you are supporting the growth process at GK SOFTWARE AG and would like to thank you for placing your confidence in us.

The Management Board

Rainer Gläß
(CEO)

Stephan Kronmüller
(CTO)

Ronald Scholz
(COO)

André Hergert
(CFO)

GK SOFTWARE AG Shares

Development of GK SOFTWARE shares in comparison to the TecDax
from 4 January 2010 until 5. November 2010, 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	1,665,000
Share capital	EUR 1,665,000
Free float	34.82%
Highest price in 2010	EUR 60.00 (11.3.2010)
Lowest price in 2010	EUR 34.60 (4.1.2010)

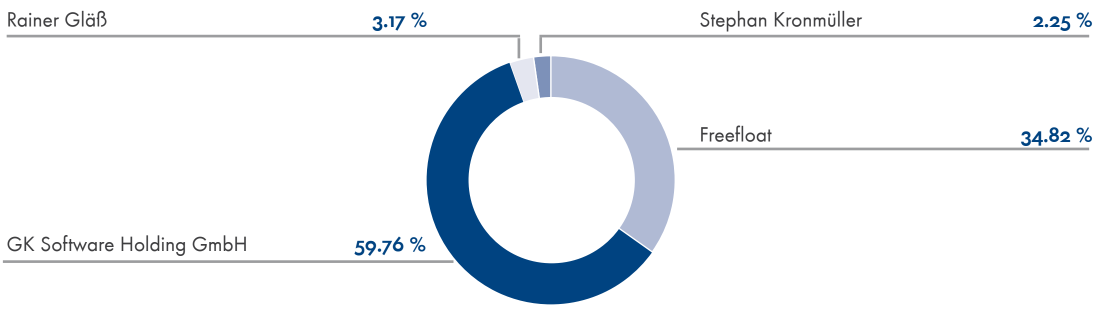
Summary/Share Performance

GK SOFTWARE AG shares, which are listed in the Prime Standard section of the Frankfurt Stock Exchange, were able to continue their upward course during the first quarter of 2010, after the value of the shares almost tripled during fiscal 2009. The price of the shares was EUR 34.40 at the beginning of January and reached its all-time high of almost EUR 60 on 11 March. The price of the shares was somewhat lower in the second and third quarters, but very stable. The share price on 30 September was EUR 51.50. This represents a market capitalization of approx. EUR 86 million.

Shareholder Structure

GK SOFTWARE AG has a very stable shareholder base, which is allowing the company to develop sustainably in the long term. As Rainer Gläß and Stephan Kronmüller each sold 90,000 shares at a price of EUR 50.00 each through GK Software Holding GmbH on 17 March, the following shareholder structure existed on the reporting date on 30 September 2010: The founder and CEO Rainer Gläß directly holds 3.17 percent of the shares. Stephan Kronmüller, also a company founder and CTO, directly owns 2.25 percent of the shares. 59.76 percent are owned by GK Software Holding GmbH, half of which are each indirectly held by the company partners

Shareholder Structure
for GK SOFTWARE AG on 30 September 2010



Rainer Gläß and Stephan Kronmüller. This gave rise to a free float of 34.82 percent on 30 September 2010.

The following have a holding in GK SOFTWARE AG, which exceeds the threshold level of 3 percent:

- Universal-Investment-Gesellschaft mbH, Frankfurt am Main 3.015% (on 26.6.2009)
- Deutsche Asset Management Investmentgesellschaft mbH, Frankfurt am Main 3.152% (on 22.3.2010)
- Mr. Andreas Bremke 3.01% (on 1.9.2010)

Directors Dealings

Rainer Gläß, CEO

Sale: 17.3.2010 90,000 shares at EUR 50.00

Stephan Kronmüller, CTO

Sale: 17.3.2010 90,000 shares at EUR 50.00

Ronald Scholz, COO

Purchase: 10.6.2010 8,000 shares at EUR 43.00

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 in Germany and Europe. Following a slight fall in 2009, all the signs suggest that 2010 will be a very successful year for the retail trade. The improvement over the same period in the previous year had reached 1.1percent by the end of September. A real increase of at least 1.5 percent is expected for the complete year. Consumer economic expectations rose for the fifth time in September according to GfK. Analysts therefore assume that the good mood among consumers will ensure that domestic demand continues to stabilize linked to the easing of the situation on the jobs market. In the light of this, GfK confirmed its consumer forecast for 2010, which is expecting an increase of up to 0.5 percent in private consumption.[1]

Retailers are also looking to the future in optimistic mood. 60 percent of companies rank their current business situation as good and a further 31 percent are satisfied. The situation has improved for 63 percent of companies in comparison with 2009 and only five percent admitted that their business was worse than in 2009. Most retailers are expecting more increases in sales during the remainder of the year. Almost 70 percent are forecasting an improvement in their situation.[2]

The international situation also looks better than in the middle of the year. Sales in the retail & food services sector rose by 6.3 percent[3] during the first nine months of the year, according to the US Census Bureau. Figures provide evidence of a growth trend, even in Great Britain.[4] Developments in booming economies like India and China will continue almost unchecked. As a result, those forecasts, which predict an upward trend in the retail IT sector, will continue to be valid. According to the Global Retail CIO Survey carried out by Martec International, IT budgets will amount to 1.3 percent of sales on average (the figure for 2009 was approx. 1 percent). This year's study by the EHI Retail Institute reveals that the need for investments on the part of the retail sector continues to be high. 20 percent of retailers are still using software, which is more than ten years old – and store software is on average 5.8 years old.[5]

In the light of these trends, analysts expect the readiness on the part of the retail sector in Germany and other countries to invest will rise during the next few months. This could provide GK SOFTWARE AG with short and medium-term opportunities in the markets in which it operates.

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 com-plete projects quickly.

Customer Projects

Work continued on customer projects in line with corporate planning during the first nine months of 2010. As a result, we were able to install the first pilot markets for JYSK in Bosnia, China and Slovakia and also complete important milestones in other projects on schedule. We began the rollout process for X5 in Russia. The realization of the major project with EDEKA, which was won by

1 Source: http://www.gfk.com/group/press_information/press_releases/006742/index.de.html
2 Source: Ernst & Young Handelsbarometer –Oktober 2010
3 Source: http://www.census.gov/retail/marts/www/marts_current.pdf
4 Source: http://www.statistics.gov.uk/cci/nugget.asp?id=256
5 Source: EHI Retail Institute, Kassensysteme 2010, Köln 2010

cooperating with SAP, is of particular importance for GK SOFTWARE. The project teams are working hard to complete the EDEKA software project on schedule. In addition, another EDEKA regional company – EDEIA Rhein-Ruhr – has also opted to use the GK/Retail store software.

Human Resources

GK SOFTWARE currently employs 343 members of staff (the figure on September 2010 – this was 277 in the previous year), an increase of 66 over the figures at the end of the same period in 2009. This increase of approx. 24 percent is the result of the necessary expansion of capacities in order to complete current major projects. In addition, the company has continued to expand its number of staff in several departments in line with planning. The software development and project management departments in particular have been strengthened to a greater degree.

The majority of the company's personnel (174 people) are employed at corporate headquarters in Schöneck (117 in the previous year). The available office space was expanded by 430 m² during the first quarter of 2010 and this accommodation mainly houses modern test laboratories. The branch in Berlin has 17 members of staff, mainly operating in the sales & marketing, project and partner management, and hotline departments (the figure was 13 in 2009). The Czech subsidiary EUROSOFTWARE s.r.o. currently employs 118 people (97 in 2009). 33 people were employed at St. Ingbert on 30 September 2010 (31 in 2009). StoreWeaver employs one person in Basel/Riehen.

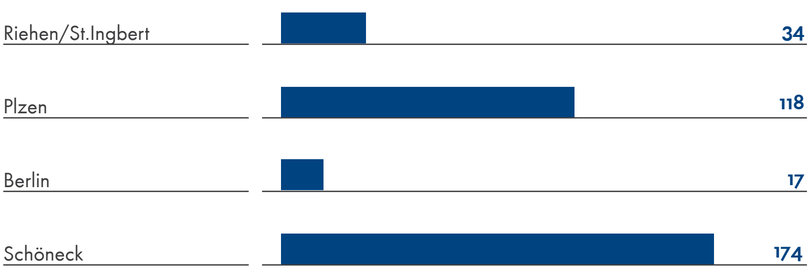
GK SOFTWARE will continue to hire more highly qualified employees at its various business sites in the future in order to be able to respond to the growth in its workload in an appropriate manner.

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 13.16 million to EUR 17.08 million, an increase of 29.8 percent during the first nine months of the 2010 business year, when compared to the same period in the previous year. Taking into account own work capitalized, operating performance rose to EUR 17.58 million following a figure of EUR 14.06 million in the same period in 2009. This represents a growth rate of 24.7 percent.

Distribution of employees at the group's sites
on 30 September 2010



EUR K	9M 2010		9M 2009		Change		2009	
Sales with								
GK/Retail	14,472	84.70%	12,250	93.10%	2,222	18.10%	21,372	91.80%
SQRS	2,606	15.30%	910	6.90%	1,696	186.40%	1,905	8.20%
TOTAL	**17,078**	**100.00%**	**13,160**	**100.00%**	**3,918**	**29.80%**	**23,277**	**100.00%**
Licenses of which	**3,075**	**18.00%**	**1,745**	**13.30%**	**1,330**	**76.20%**	**6,756**	**29.00%**
GK/Retail	2,794	16.40%	1,745	13.30%	1,049	60.10%	6,598	28.30%
SQRS	281	1.60%	–	0.00%	281	–	158	0.70%
Maintenance of which	**4,776**	**28.00%**	**3,688**	**28.00%**	**1,088**	**29.50%**	**5,697**	**24.50%**
GK/Retail	3,612	21.20%	3,323	25.30%	289	8.70%	4,839	20.80%
SQRS	1,164	6.80%	365	2.80%	799	218.90%	858	3.70%
Services of which	**8,573**	**50.20%**	**7,098**	**53.90%**	**1,475**	**20.80%**	**10,006**	**43.00%**
GK/Retail	7,493	43.90%	6,572	49.90%	921	14.00%	9,196	39.50%
SQRS	1,080	6.30%	526	4.00%	554	105.30%	810	3.50%
Other business of which	**654**	**3.80%**	**629**	**4.90%**	**14**	**2.20%**	**831**	**3.60%**
GK/Retail	573	3.40%	610	4.70%	-48	-7.70%	752	3.20%
SQRS	81	0.50%	19	0.10%	62	326.30%	79	0.30%

The growth in sales amounting to EUR 3.92 million is due to the expansion of the business connected to the GK/Retail software. The contribution from this sector amounted to EUR 2.22 million or an increase of 18.1 percent compared to the same period in 2009 and is largely based on the expansion of the licensing business, where it was possible to register an increase of more than 60 percent in our core business in comparison with the same period in the previous year; this accounted for almost half the growth in sales in the GK/Retail segment. The business of our SQRS segment also developed in a very positive manner. It was possible to almost triple sales in comparison with the same period in the previous year (an increase by EUR 1.70 million). However, this is due to the short period for comparison purposes in the previous year, which did not start until the acquisition of this business on 28 May 2009.

Expenditure on human resources rose from EUR 8.88 million to EUR 10.19 million (+15 percent) during the reporting period in comparison with the first nine months of 2009. 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 and, quite naturally, the members of staff in the SQRS business field, who were not part of the figures for the whole of 2009.

Depreciation and amortization went according to plan at EUR 1.14 million during the first nine months of 2010 (EUR 0.79 million in 2009). Other operating expenditure amounted to EUR 3.77 million (EUR 3.37 million in 2009). This increase in costs is largely due to the rising expenditure based on the expansion of business activities and travel expenses (EUR 0.27 million) and the outlay on buildings and office accommodation (EUR 0.20 million).

GK SOFTWARE had group earnings before interest and taxes (EBIT) of EUR 2.32 million (EUR 0.71 million in 2009) during the reporting period. Related to sales, GK SOFTWARE generated an EBIT margin of 13.6 percent following a figure of 5.4 percent during the same period in the previous year.

The financial results in the first nine months of 2010 were EUR -0.1 million (EUR 0.17 million in the same period in 2009). The results before tax rose to EUR 2.21 million, following a figure of EUR 0.88 million in the same period in the previous year. After tax, the group net income for the period amounted to EUR 1.57 million (EUR 0.52 million in the previous year). In terms of the 1,665,000 shares in circulation on the reporting date, this represents earnings of EUR 0.94 per share, following a figure of EUR 0.31 per share at the same time in 2009.

Assets Situation

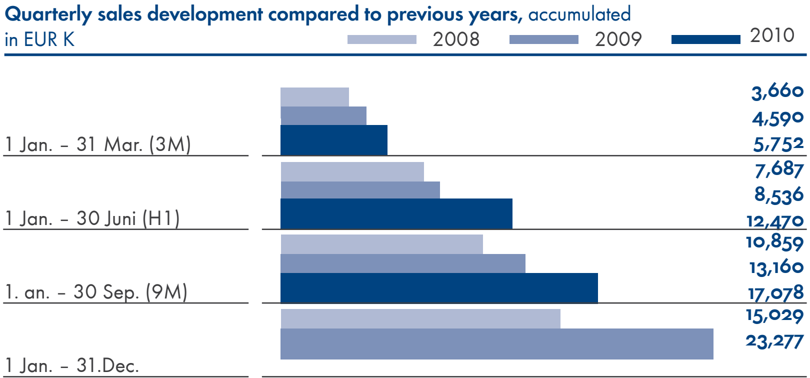
As a result of the business performance, the group's balance sheet equity during the first nine months of fiscal 2010 fell from EUR 15.30 million on 31 December 2009 by EUR 0.09 million to EUR 15.21 million on 30 September 2010 as a result of the dividend payment of EUR 1.67 million in June 2010. The equity ratio is now 45.9 percent following a figure of 47.8 percent at the end of fiscal 2009.

Non-current liabilities (EUR 7.30 million) remained almost unchanged in comparison to the reporting date at the end of fiscal 2009. While non-current bank liabilities fell by EUR -0.56 million as a result of scheduled repayments, deferred grants from public funds rose by EUR 0.22 million and deferred tax assets and liabilities by EUR 0.33 million. Current liabilities rose from EUR 9.77 million at the end of fiscal 2009 to EUR 10.64 million. This increase was also marked by movements in contrary directions. While the installment payments, which are vital to enable the company to maintain its corporate funding, rose by EUR 2.85 million in comparison with the end of the previous year, other current liabilities fell by EUR -0.93 million and income tax liabilities likewise by EUR -0.89 million. Another decline was recorded in the area of current provisions in the human resources department by EUR -0.26 million on account of a reduced need for vacation provisions.

On the assets side, non-current assets decrease from EUR 13.54 at the end of the second quarter to EUR 13.52 million, while the value of intangible assets fell slightly from EUR 9.33 million to EUR 9.14 million, which was largely due to scheduled amortization. In terms of property, plant and equipment, the company recorded an increase from EUR 3.41 million to EUR 3.99 million. The main reason for this was the extension of the office accommodation for GK SOFTWARE AG in Schöneck.

Current assets accounted for figures of EUR 19.63 million following a figure of EUR 19.24 million at the reporting date for fiscal 2009. The main element in this item was cash and cash equivalents, which decline by EUR 2,88 million to EUR 7.76 million compared with the prior-year level (EUR 10.64 million). The accounts receivable from ongoing work and services increase by EUR 2.91 million to EUR 4.29 million on account of IAS 18.20 in conjunction with IAS 18.26 (Revenue recognition at the level of costs incurred, if they are recovered) and in conjunction with IAS 18.24 (Degree of completion). The other assets increase by EUR 1.17 million and the trade accounts receivable decrease by EUR 0.81 million.

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



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 3.47 million at the reporting date. During the whole of the previous year, the figure was EUR 6.23 million. The cash flow from operating activities amounted to EUR 0.69 million (EUR 5.66 million for the whole of fiscal 2009) during the reporting period. The cash flow from investment activities amounted to EUR -1.35 million (EUR -9.36 million for the whole of fiscal 2009) in 2010 until 30 September. In addition to investments in employee-related office and business equipment, funds were primarily used for the extension building for office accommodation at GK SOFTWARE AG's headquarters. The cash flow from financial activities amounted to EUR -2.22 million (an influx of EUR 5.47 million for the whole of fiscal 2009). The reason for the outflow of funds was the contractual repayments of non-current bank liabilities of EUR 0,55 million and dividend payments of EUR 1,665 million. Overall, funds totaling EUR 2.88 million accrued for the company during the reporting period so that the cash and cash equivalents stood at EUR 7.76 million.

Report on Key Events after the End of the Third Quarter in 2010

The retail newspaper in Germany reported that EDEKA Rhein-Ruhr had opted for GK/Retail, according to the company's own statements.

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 2010 when compared to the statements made in the group management report for fiscal 2009 or the interim report on 30 June 2010. 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 2009 and the group interim report at the end of the second quarter of 2010 continue to be valid without any major changes.

Outlook

The Management Board therefore continues to stand by the forecast that it made in the 2009 consolidated accounts and the group interim accounts for the second quarter of 2010: 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 on a double digit percentage basis. The Management Board therefore assumes that the degree of profitability that has been achieved in the past will be maintained.

If developments are particularly positive, the Management Board believes that the sales growth in the GK/Retail business could reach approx. 20 percent. We do not expect any growth in the SQRS business, but stability. Taking into account the one-off effects of fiscal 2009, we are therefore expecting sales of approx. EUR 27 million for the whole of 2010. This growth level should be achieved with the same profitability of previous years with an approximate operating profit margin of 18.5 percent in relation to sales.

Forecasts for fiscal 2011 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 2011, while the SQRS business within the group continues to remain at current sales levels. As sales in this sector are very likely to significantly exceed the level of the previous year against our expectations, even after the figures have been adjusted, we are now definitely expecting falls in this business sector in 2011 in favor of the GK/Retail business for the first time. 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 30 September 2010

Assets

EUR	30.9.2010 (not audited)	31.12.2009 (audited)
Non-Current Assets		
Property, Plant and Equipment	3,988,501.46	3,410,158.36
Intangible Assets	9,139,359.94	9,332,576.95
Financial Assets	300.00	300.00
Deferred Taxes	391,311.02	389,714.48
Total Non-Current Assets	13,519,472.42	13,132,749.79
Current Assets		
Inventories	0.00	0.00
Trade Accounts Receivable	3,652,824.82	4,466,188.73
Accounts Receivable from Ongoing Work	4,294,982.73	1,380,200.00
Accounts Receivable from Associated Companies	3,030.93	11,383.50
Other Accounts Receivable and Assets	3,921,569.94	2,747,257.76
Cash and Cash Equivalents	7,761,823.74	10,637,185.86
Total Current Assets	19,634,232.16	19,242,215.85
Balance Sheet Total	**33,153,704.58**	**32,374,965.64**

Liabilities

EUR	30.9.2010 (not audited)	31.12.2009 (audited)
Equity		
Subscribed Capital	1,665,000.00	1,665,000.00
Capital Reserves	7,845,779.92	7,845,779.92
Retained Earnings	31,095.02	31,095.02
Balance Sheet Profits	5,663,773.26	5,757,708.53
Total Equity	15,205,648.20	15,299,583.47
Non-Current Liabilities		
Provisions for Pensions and Similar Obligations	45,062.36	45,062.36
Non-Current Bank Liabilities	5,427,625.00	5,983,000.00
Deferred Public Sector Subsidies	924,704.77	707,978.74
Deferred Tax Assets and Liabilities	907,012.34	567,812.07
Total Non-Current Liabilities	7,304,404.47	7,303,853.17
Current Liabilities		
Current Provisions	543,996.26	801,766.60
Current Bank Liabilities	740,530.00	740,500.00
Trade Accounts Payable	866,952.92	773,950.21
Initial Payments Received	5,092,648.21	2,238,527.85
Income Tax Liabilities	387,120.65	1,272,994.04
Other Current Liabilities	3,012,403.90	3,943,790.30
Total Current Liabilities	10,643,651.94	9,771,529.00
Total Liabilities	17,948,056.41	17,075,382.17
Balance Sheet Total	**33,153,704.58**	**32,374,965.64**

Consolidated Income Statement on 30 September 2010

EUR	30.9.2010 (not audited)	30.9.2009 (not audited)	31.12.2009 (audited)
Ongoing Business Divisions			
Sales Revenues	**17,078,089.68**	**13,160,002.55**	**23,276,625.57**
Changes in Stocks of Unfinished Work	0.00	229,829.50	-873,452.10
Own Work Capitalized	460,346.11	672,998.43	1,066,612.46
Other Operating Revenues	716,569.71	529,805.53	826,450.46
	18,255,005.50	**14,592,636.01**	**24,296,236.39**
Materials Expenditure	-842,806.93	-836,924.93	-561,285.02
Human Resources Expenditure	-10,191,933.81	-8,884,592.65	-12,116,566.57
Depreciation and Amortization	-1,135,457.29	-793,540.83	-1,280,989.79
Other Operating Expenditure	-3,766,946.58	-3,369,709.72	-5,447,836.56
	-15,937,144.61	**-13,884,768.13**	**-19,406,677.94**
Operating Results	**2,317,860,89**	**707,867.88**	**4,889,558.45**
Financial Results	-103,564.36	171,310.06	143,382.73
Results before Income Taxes	**2,214,296.53**	**879,177.94**	**5,032,941.18**
Income Taxes	-643,231.80	-356,024.82	-1,515,770.92
Net Income for Period	**1,571,064.73**	**523,153.12**	**3,517,170.26**
Profits Carried Forward	5,757,708.53	2,240,538.27	2,240,538.27
Dividend Payment	-1,665,000.00	0.00	0.00
Consolidated Balance Sheet Profits	**5,663,773.26**	**2,763,691.39**	**5,757,708.53**
Number of Shares Issued (Average Figure)	1,665,000	1,665,000	1,665,000
Non-Diluted Earnings per Share (EUR/Share)	**0.94**	**0.31**	**2.11**

Consolidated Cash Flow Statement on 30 September 2010

Cash Flows from Operating Business

EUR K	30.9.2010 (not audited)	31.12.2009 (audited)
Cash Flows from Operating Business		
Consolidated Results for the Period	1,571	3,517
Income Taxes Affecting Results	643	1,516
Interest Income/Expenditure Affecting Results	103	-143
Profit/Loss from the Sale or Disposal of Property, Plant and Equipment	5	-2
Reversals of Deferred Public Sector Subsidies	-31	-34
Write-Downs Recognized for Receivables	49	185
Write-Ups Recognized for Receivables	0	-35
Amortization/Depreciation	1,135	1,281
Other Non-Cash Revenues and Expenditure	0	-58
	3,475	**6,227**
Changes in Net Current Assets		
Changes in Trade Accounts Receivable and Other Receivables	-2,341	-2,773
Changes in Inventories	0	738
Changes in Trade Accounts Payable and Other Liabilities	-838	1,892
Changes in Initial Payments Received	2,854	-33
Changes in Provisions Affecting Results	-258	-1
Influx of Cash from Operating Business	**2,892**	**6,050**
Interest Payments Received	130	151
Interest Paid	-233	-116
Income Taxes Paid	-2,098	-423
Net Cash Flow Provided by Operating Business	**691**	**5,662**
Cash Flows from Investment Activities		
Payments for Property, Plant and Equipment and Non-Current Assets	-1,529	-8,806
Proceeds from disposals of fixed assets	4	11
Investment Subsidies Used	248	0
Disbursed Loans	-69	-568
Net Outflow of Cash and Cash Equivalents from Investment Activities	**-1,346**	**-9,363**

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

EUR K	30.9.2010 (not audited)	31.12.2009 (audited)
Cash Flows from Financing Activities		
Dividend Payments	-1,665	0
Loans Taken Out	0	5,748
Repayment Installments for Loans	-555	-280
Net Income in Cash and Cash Equivalents from Financing Activities	**-2,220**	**5,468**
Net Income in Cash and Cash Equivalents	**-2,875**	**1,767**
Cash and Cash Equivalents at the Beginning of the Fiscal Year	10,637	8,855
Impact of Changes in Exchanges Rates on Cash and Cash Equivalents	0	15
Cash and Cash Equivalents on the Reporting Date	**7,762**	**10,637**

EUR 10K were pledged as security as part of a leasing contract for business accommodation for the Berlin branch of GK SOFTWARE AG.

Development of Consolidated Equity Capital on 30 September 2010

EUR	Subscribed Capital	Capital Reserves	Retained Earnings	Balance Sheet Profits	Total
Figures on 1 January 2009	1,665,000.00	7,845,779.92	31,095.02	2,240,538.27	11,782,413.21
Quarterly Net Income	0.00	0.00	0.00	523,153.12	523,153.12
Figures on 30 September 2009	**1,665,000.00**	**7,845,779.92**	**31,095.02**	**2,763,691.39**	**12,305,566.33**
Net Income from 1 April until 31 December 2009	0.00	0.00	0.00	2,994,017.14	2,994,017.14
Figures on 31 December 2009	**1,665,000.00**	**7,845,779.92**	**31,095.02**	**5,757,708.53**	**15,299,583.47**
Dividend Payments	0.00	0.00	0.00	-1,665,000.00	-1,665,000.00
Quarterly Net Income	0.00	0.00	0.00	1,571,064.73	1,571,064.73
Figures on 30 September 2010	**1,665,000.00**	**7,845,779.92**	**31,095.02**	**5,663,773.26**	**15,205,648.20**

Notes on the Consolidated Accounts on 30 September 2010

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 2009, 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, GK Soft GmbH, Zurich/Switzerland, StoreWeaver GmbH, Riehen/Switzerland with a German branch at St. Ingbert).

3. Sales Revenue

Sales revenues amounting to EUR 330 K were entered for customer contracts, which sales revenue cannot be reliably estimated but where it is likely that costs incurred will be recouped (IAS 18.20 and IAS 18.26). Additionally, sales revenues of EUR 2.585 K were recognized in line with the degree of completion of works (IAS 18.24, percentage-of-completion method)). Cost of revenue to the total amount of EUR 1,680 K were incurred and advance payments to the tune of EUR 3,500 K imbursed. All contracts have active balances and are hence included assests in “Accounts payable from Ongoing Work”.

For the composition of the important categories of revenue we refer to section “Segment Reporting”. Guarantee provisons to the amount of EUR 235 K exist for reported revenues.

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 1,665,000 in the reporting period. The group’s net income in the reporting period amounted to EUR 1,571 K. Hence earnings per share were 0.94 Euro (0.31 Euro on 30 September 2009).

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:

	GK/Retail		SQRS		Eliminations		Group	
EUR K	9M 2010	9M 2009	9M 2010	9M 2009	9M 2010	9M 2009	9M 2010	9M 2009
Sales with third parties	**14,472**	**12,250**	**2,606**	**910**	**–**	**–**	**17,078**	**13,160**
Licenses	2,794	1,745	281	–	–	–	3,075	1,745
Maintenance work	3,612	3,323	1,164	365	–	–	4,776	3,688
Services	7,493	6,572	1,080	526	–	–	8,573	7,098
Other departments	573	610	81	19	–	–	654	629
Sales with the other segment	**1,224**	**–**	**6**	**–**	**-1,230**	**–**	**–**	**–**
Segment EBIT	**1,399**	**–**	**919**	**–**	**–**	**–**	**2,318**	**708**
Assets	**30,838**	**–**	**3,897**	**–**	**-1,581**	**–**	**33,154**	**20,895**
Cash and cash equivalents	**6,479**	**–**	**1,283**	**–**	**–**	**–**	**7,762**	**8,501**

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 2,669 K during the reporting period. Sales of EUR 4,820 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 30 September 2010.

7. Approval of the brief interim accounts

The brief interim accounts were approved by the company managers at a meeting held on 25 November 2010 and were released for publication.

Schöneck, November 2010

The Management Board

Rainer Gläß
(CEO)

Stephan Kronmüller
(CTO)

Ronald Scholz
(COO)

André Hergert
(CFO)

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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

Financial Calendar

2010 Annual Report	27 April 2011
Q1 Interim Report for 2011	26 May 2011
Annual Shareholders' Meeting in 2011	28 June 2011
H1 Interim Report for 2011	30 August 2011
9M Interim Report for 2011	24 November 2011

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