Interim Report on March, 31

3M 2011

GK SOFTWARE

Summary of Consolidated Results

	31.3.2011 (not audited)	31.3.2010 (not audited)
Sales (EUR K)	**6,719**	5,752
Operating performance (EUR K)	**6,898**	5,947
Total operating revenues (EUR K)	**7,173**	6,172
EBIT (EUR K)	**1,168**	1,059
EBIT margin (on sales)	**17.4%**	18.4%
EBIT margin (on total operating revenue)	**16.3%**	17.2%
EBT (EUR K)	**1,150**	1,019
Net income for the period (EUR)	**682**	732
Earnings per share (weighted) (EUR)	**0.38**	0.44
Equity ratio (previous year as on 31.12.)	**54.3%**	46.5%

1 There were 1,790,000 shares in circulation on 31 March 2011, whereas only 1,665,000 shares had been issued on 31 March 2010. Based on 1,665,000 shares, the earnings per share for the first three months of 2011 would have been EUR 0.40. The diluted earnings per share because of the 12,300 share options issued last year correspond to the non-diluted earnings.

Contents

To the shareholders

Letter from the Management Board

Dear shareholders,

The first three months of fiscal 2011 once again confirmed the long-term positive developments at GK SOFTWARE[1]. We are again able to report a continuation in growth during the first quarter of 2011.

Compared to the reporting period in the previous year, we were able to increase sales by 16.8 percent to EUR 6.7 million, following a figure of EUR 5.7 million in the same reporting period in the previous year. The operating performance at GK SOFTWARE behaved in a similar way – it exceeded the comparative figure from the previous year by 16.0 percent (EUR 6.9 million, compared to an earlier figure of EUR 5.9 million). Earnings before interest and tax grew by roughly one tenth to EUR 1.2 million (EUR 1.1 million in Q1 in 2010). The EBIT margin for the first quarter was within the forecast range (17.4 percent) and was slightly lower than the figure for the same period in the previous year.

Regardless of the nuclear disaster in Japan and the unrest in North Africa, the economic recovery continued unhindered in Germany. The leading economic research institutes raised their forecasts for the economy in their spring survey again and now expect an increase in economic performance of 2.8 percent. The retail sector also recorded growth in the first quarter, even if the figures for March this year were lower than for the same month in the previous year. Despite this, the main retail association is standing by its forecast that the retail trade can expect nominal growth of 1.5 percent during 2011.

The first quarter for GK SOFTWARE AG was dominated by the successful pilot operations within the LUNAR major project and the gaining of a significant new customer. In addition, further developments in current major projects went according to plan and the agreed milestones were reached.

One particular highlight both for GK SOFTWARE AG and the overall market environment was the scheduled productive launch of the first pilot markets at EDEKA as part of the LUNAR project. The launch of the project jointly completed with our partner SAP – which was awaited with great excitement by the market – was extraordinarily successful. In recognition of this fact, the project attracted the Retail Technology Award from the EHI Retail Institute in the Best Enterprise Solution category at the end of February. Sales will be directly launched in the D-A-CH area (Germany, Austria and Switzerland) and will be gradually followed by the EMEA (Europe, Middle East and Africa) sales area and the rest of the world.

We were able to gain another major project during the first quarter of 2011. We will provide our software equipment for approx. 2,000 stores operated by a leading sports article manufacturer based in Herzogenaurach. As a result, we have once again managed to secure a major international project with strong links to the fashion sector.

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. We again rolled out our software solutions at several thousand stores belonging to our customers during the first quarter of 2011. Particularly as a result of mass roll-outs in large projects, we were able to increase the number of installations to approx. 95,000 (including SQRS installations). This means that our software solutions are currently providing smooth handling for critical business processes at POS installations, in the back office and on mobile devices in 21,250 stores operated by our customers.

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.

In terms of our business with partner corporations, our relations with Bizerba and IBM were particularly important, in addition to the expansion of our agreements with SAP already mentioned above. Bizerba is supporting us in the further development of our open scales application, GK/Retail Open Scale; we continued to press ahead with this during the first quarter and presented it publically at the EuroShop trade fair in February for the very first time. We also used this fair to display a joint software solution with IBM. We demonstrated how an IBM self-checkout system can operate with our POS software, GK/Retail POS, for the first time. As a result, we can now offer retail traders the opportunity of incorporating their own self-checkouts in integrated IT concepts.

Our expectations for fiscal 2011 have not changed. Based on the good first quarter in 2011, we believe that our forecast for 2011 will prove realistic and we are continuing to expect sales of EUR 30.5 – 31.5 million for the full year (sales in 2010 amounted to EUR 27.7 million). Profitability levels will probably lie within the target corridor of 18 – 20 percent. This forecast is underlined by the fact that we are involved in extensive negotiations with potential customers both in Germany and abroad and we are continuing 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, Japan or North Africa do not lead to any disruption in the overall economy or the retail sector.

We are confident at the moment that we will be able to continue our successful business performance in 2011 too.

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 19 June 2008 until 16 May 2011, 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 2011	EUR 51.00 (3 January 2011)
Lowest price in 2011	EUR 43.00 (15 März 2011)

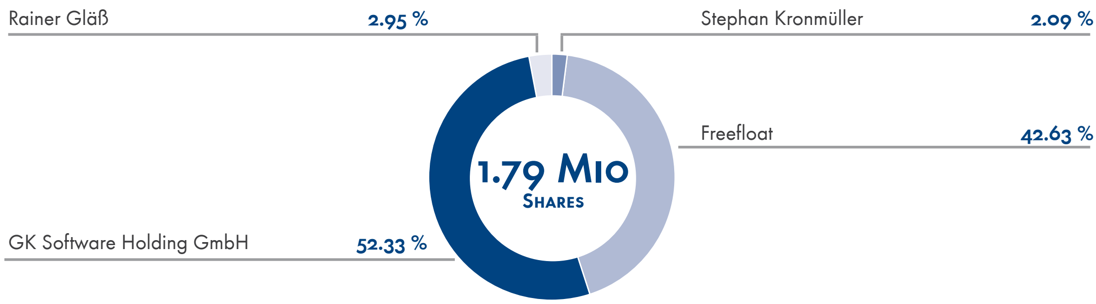
Summary/Share Performance

The value of GK SOFTWARE AG shares listed on the Prime Standard section of the Frankfurt Stock Exchange declined somewhat during the first quarter of 2011. Following a slump in prices, which took place in connection with the events in Japan and North Africa, the price of the shares stabilized again during the second half of March. The share price was EUR 47.49 on 31 March. This represented a market capitalization of approx. EUR 85 million.

Shareholder Structure

GK SOFTWARE AG has a very stable shareholder base, which is allowing the company to develop sustainably in the long term. The following shareholder structure existed on the reporting date on 31 March 2011: The founder and CEO Rainer Gläß directly holds 2.95 percent of the shares. Stephan Kronmüller, also a company founder and CTO, directly owns 2.09 percent of the shares.

Shareholder Structure
for GK SOFTWARE AG on 31 March 2011



52.33 percent are owned by GK Software Holding GmbH, half of which are each indirectly held by the company partners Rainer Gläß and Stephan Kronmüller. This gave rise to a free float of 42.63 percent on 31 March 2011.

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)
- Mr. Andreas Bremke 3.01% (on 1.9.2010)

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.The fundamental data and the general sentiment within the retail sector are both positive at the moment. The leading German economic institutes forecast growth of "significantly more than 2.5 percent"[1] for the German economy in their spring survey. The German economy was able to grow by 1.5 percent compared to the previous year during the first quarter of 2011, according to figures published by the Federal Statistics Office[2]. However, the positive developments in Germany are stronger than in other eurozone countries, where Italy, Spain, Portugal and Greece in particular had weak or even declining growth rates. Great Britain was able to report growth during the first three months of the year for the first time after several quarters of decline (+0.5 percent)[3]. In contrast, economic growth in the USA declined again slightly during the first quarter of 2011, after stronger growth in 2010 (+ 1.8 percent). Overall, these developments provide GK SOFTWARE with opportunities – its key markets are growing again and other target areas have either overcome the downward trend or are growing again slowly.

On the consumer side, it is clear that the propensity to buy on the part of German consumers is still high, according to figures provided by the GfK (Society for Consumer Research). But consumer optimism is being curbed by expectations that incomes may fall and declines in forecasts about the general economy[4]. However, in general terms, German consumers continue to be confident and the retail sector in particular should be able to benefit from this.

This is mirrored in the latest surveys among retailers, which reveal positive sentiments throughout the sector. According to the Ernst&Young trade barometer, 98 percent of German retailers either view their current business situation as good (71 percent) or generally positive (27 percent)[5]. This means that the positive mood has continued to grow compared to the last survey in October 2010. This will lead to increases in budgets, for example, in the marketing and human resources departments. These developments may also prove positive for investment behavior in the IT systems field.

The latest study by the EHI Retail Institute on the issue of IT trends in the sector in 2011 revealed that these budgets have remained at the level of previous years at approx. 1.12 percent of net sales[6]. As we expect slight increases in sales, this means moderate growth in IT expenditure by the sector.

Retailers are currently focusing on issues related to reaching customers in an improved manner through loyalty schemes, multi-channel activities, mobile couponing or smart phone apps, for instance. A significant share of investments during the next few years will also be used to replace till systems; approx. 30 percent of the retailers questioned said they were planning to do this[7]. The till study published by the EHI Retail Institute last year also revealed the huge need for the retail

1 http://www.handelsblatt.com/politik/konjunktur/nachrichten/japan-krise-perlt-an-deutscher-wirtschaft-ab/4030268.html
2 http://www.ftd.de/finanzen/maerkte/:bruttoinlandsprodukt-deutsche-wirtschaft-erreicht-vorkrisenniveau/60051610.html
3 http://www.spiegel.de/wirtschaft/soziales/0,1518,759243,00.html
4 http://www.gfk.com/group/press_information/press_releases/007831/index.de.html
5 http://www.ey.com/Publication/vwLUAssets/Handelsbarometer_-_Maerz_2011/$FILE/Ernst-Young%20Handelsbarometer%20Maerz%202011.pdf
6 EHI Retail Institute, IT-Trends im Handel, Cologne 2011, p. 18.
7 Ibid. p. 19.

sector to invest in this field. 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.[8]

In the light of these trends, which are also valid for other markets, GK SOFTWARE is optimistic that the willingness to invest on the part of the retail sector will continue to grow in the short and medium term. This will then open up further opportunities for GK SOFTWARE in the markets that it is actively processing.

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

Work went ahead on customer projects according to schedule during the first three months of 2011. One of the most important milestones was the rollout of the first pilot market in the EDEKA LUNAR Program. But in addition to this, important milestones were reached in other major projects or the rollout process has already begun – which is reflected in the enormous increase in the number of installations equipped with the company's products. This process will continue during the next few months.

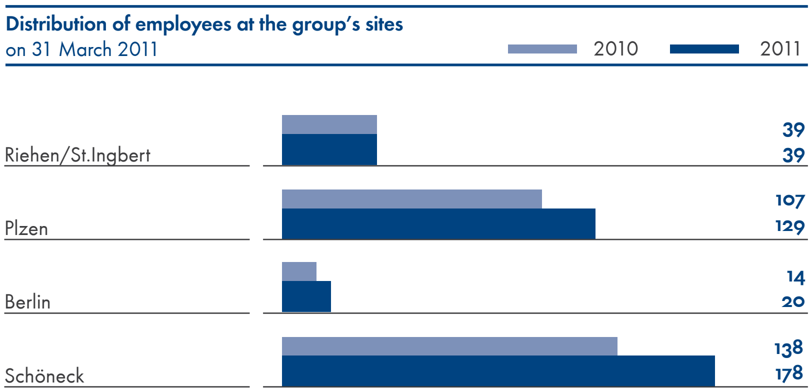
Human Resources

GK SOFTWARE currently employs 366 members of staff (figure on 31 March 2011; the previous year's figure was 298), which means that this number has grown by 68 in comparison with the same period in the previous year. Year on year, this represented an increase of approx. 23%, which is due to the scheduled increase in human resources in order to complete the higher overall number of projects. As in the previous year, the software development and project management departments in particular showed further growth.

The majority of members of staff are employed at corporate headquarters in Schöneck – 178 persons, in comparison with the previous year's figure of 137. There are 20 employees working at the branch in Berlin, mainly in the sales & marketing, project management and partner management or the hotline departments (14 employees on the reporting date in the previous year). The Czech subsidiary EUROSOFTWARE s.r.o. current employs 129 people (107 in the previous year). There were 39 employees working at St. Ingbert on 31 March 2011 – 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.

8 Source: EHI Retail Institute, Kassensysteme 2010, Cologne 2010



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 5.75 million to EUR 6.72 million during the first quarter of 2011; this represents an increase of 16.8 percent over the same period in the previous year. Taking into account own work capitalized, operating performance rose to EUR 6.89 million following a figure of EUR 5.95 million in the same period in 2010. This represents a growth rate of 16.0 percent.

The increase in sales of EUR 0.97 million is due to the expansion of business in connection with the GK/Retail software. The company's core business played a major role in launching the successful start to fiscal 2011 – it registered an increase of EUR 1.20 million to a figure of EUR 6.16 million. It was possible to increase the revenues from services (customizing and change requests) (at EUR 1.92) by almost three quarters compared to the same period in the previous year. This enabled the company to compensate for a decline in its licensing business, which fell back to just one third of the level achieved in the previous year. The reasons for this can be found in the course of customer projects which, apart from the LUNAR project, have all currently progressed beyond the pilot phases. It is quite natural in phases like this that the services share of overall sales will increase sharply, while the share accounted for by licensing revenues will fall. The development of maintenance revenues remained constant. The GK/Retail maintenance business continued to consistently account for almost one fifth of total sales, at the level of the previous business year. Sales in the SQRS segment reflected expectations, even if revenues from services did not match forecasts during the first quarter. The decline in sales in this segment from EUR 0.79 million to EUR 0.56 million was completely due to the fall in the services business. Sales here declined from EUR 0.38 million to EUR 0.17 million. At the same time, it was possible to use members of staff from this department in business associated with GK/Retail, so that this segment generated almost constant EBIT of EUR 0.19 million, following a figure of EUR 0.20 million for the same period in the previous year.

Expenditure on human resources rose to EUR 4.06 million, an increase of 23.3% over the same period in the previous year. 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 0.39 million during the first three months of 2011 according to schedule (EUR 0.39 million in the previous year) and was therefore almost unchanged. Other operating expenditure amounted to EUR 1.39 million (EUR 1.27 million in the same period in the previous year). This increase in costs of EUR 0.12 million was primarily due to the significant increase in efforts to attract new members of staff. Expenditure on advertising for new employees (EUR 0.13 million) was more than 80% higher than the figure for the previous year, while other types of costs associated with the expansion of business activities also rose. They included travel expenses (+ EUR 0.11 million) and the expenditure on buildings and office space (+ EUR 0.05 million).

GK SOFTWARE had group earnings before interest and taxes (EBIT) of EUR 1.17 million (EUR 1.06 million in 2010) during the reporting period. Related to sales, GK SOFTWARE generated an EBIT margin of 17.4 percent following a figure of 18.4 percent during the same period in the previous year.

The financial results during the first quarter of the business year were - EUR 0.02 million (- EUR 0.04 million in the same period in the previous year). The results before tax rose to EUR 1.15 million, following a figure of EUR 1.02 million in the same period in the previous year. After tax, the group net income for the period amounted to EUR 0.68 million (EUR 0.73 million in the previous year). This represents earnings per share of EUR 0.38 in terms of the 1,790,000 shares in circulation, following a figure of EUR 0.44 per share in the previous year – but there were only 1,665,000 shares in circulation on the reporting date in the previous year.

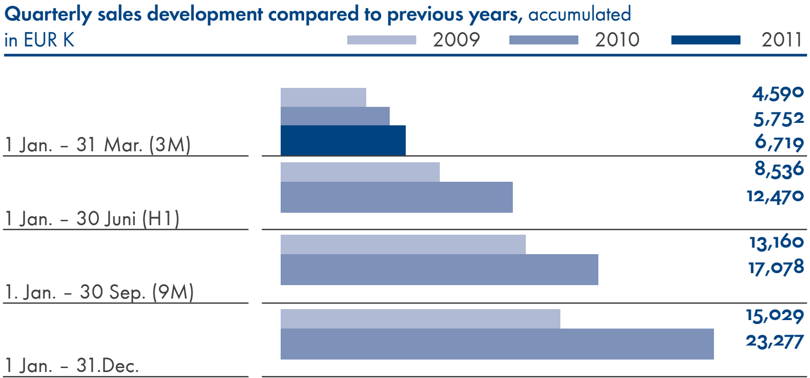
EUR K	3M 2011		3M 2010		Change		2010	
Sales with								
GK/Retail	6,160	91.7%	4,959	86.2%	1,201	24.2%	24,380	88.0%
SQRS	560	8.3%	793	13.8%	−233	−29.4%	3,310	12.0%
TOTAL	**6,720**	**100.0%**	**5,752**	**100.0%**	**968**	**16.8%**	**27,690**	**100.00%**
Licenses	**387**	**5.8%**	**1,002**	**17.4%**	**−615**	**−61.4%**	**8,277**	**29.9%**
of which								
GK/Retail	387	5.8%	1,002	17.4%	−615	−61.4%	7,981	28.8%
SQRS	–	0.0%	–	0.0%	–	–	296	1.1%
Maintenance	**1,726**	**25.7%**	**1,596**	**27.7%**	**130**	**8.1%**	**6,951**	**25.1%**
of which								
GK/Retail	1,340	19.9%	1,202	20.9%	138	11.5%	5,461	19.7%
SQRS	386	5.7%	394	6.8%	−8	−2.0%	1,490	5.4%
Services	**4,570**	**68.0%**	**2,961**	**51.5%**	**1,609**	**54.3%**	**11,752**	**42.4%**
of which								
GK/Retail	4,401	65.5%	2,584	44.9%	1,817	70.3%	10,335	37.5%
SQRS	169	2.5%	377	6.6%	−208	−55.2%	1,417	5.1%
Other business	**37**	**0.6%**	**193**	**3.4%**	**−156**	**−80.8%**	**710**	**2.6%**
of which								
GK/Retail	32	0.5%	171	3.0%	−139	−81.3%	603	2.2%
SQRS	5	0.1%	22	0.4%	−17	−77.3%	107	0.4%

Assets Situation

During the course of business, the Group's reported equity rose by EUR 0.73 million from EUR 24.33 million on 31 December 2010 to EUR 25.06 million on 31 March 2011 during the first three months of the business year. The equity ratio now amounts to 54.3 percent and therefore matches the figure in fiscal 2010.

Non-current accounts payable rose from EUR 7.54 million on the reporting date for fiscal 2010 to EUR 7.77 million. While non-current bank accounts payable fell by - EUR 0.19 million as a result of scheduled repayments, the deferred grants from the public sector remained almost unchanged at EUR 1.04 million. Deferred tax assets and liabilities rose by EUR 0.42 million and therefore more than compensated for the decline in non-current bank accounts payable.

Quarterly sales development compared to previous years, accumulated



Current accounts payable rose from EUR 12.93 million at the end of fiscal 2010 to EUR 13.32 million. This change was dominated by two major, contrary developments. While the advance payments received rose by EUR 2.54 million from EUR 6.49 million to EUR 9.02 million, other current accounts payable declined from EUR 4.11 million to EUR 2.64 million. This decline is primarily due to the sales tax, which was very high at the end of the business year on account of invoices in December.

The carrying amount of non-current assets at EUR 13.68 million at the end of the first quarter of the business year fell slightly in comparison with the figures at the end of the previous year (EUR 13.69 million) on account of scheduled depreciation. Property, plant and equipment at a value of EUR 4.05 million (following a figure of EUR 4.05 million at the end of fiscal 2010) and intangible assets, the value of which fell from an overall figure of EUR 9.12 million to EUR 9.07 million, remained almost unchanged. Capitalized deferred taxes also remained almost unchanged at a figure of EUR 0.54 million.

Current asset items accounted for figures of EUR 32.48 million, following figures of EUR 31.11 million on the reporting date for fiscal 2010. Cash and cash equivalents, which rose by EUR 5.62 million to a figure of EUR 19.07 million, compared to the figure of EUR 13.44 million on the reporting date for fiscal 2010, accounted for the lion's share of these figures. But trade accounts receivable fell. The decline here amounted to EUR 6.67 million, compared to the figure on 31 December 2010, with the result that EUR 2.46 million was still unpaid. However, accounts receivable from ongoing work rose by EUR 2.08 million to a current figure of EUR 7.07 million.

Financial Situation

Cash flow in the narrower sense (mainly the pretax results, adjusted by depreciation/amortization that does not affect liquidity) amounted to EUR 1.49 million at the reporting date. During the whole of the previous year, the figure was EUR 7.99 million. The cash flow from operating activities amounted to EUR 6.22 million (EUR 1.67 million for the whole of fiscal 2010) 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 6.67 million. The cash flow from investment activities amounted to a total figure of - EUR 0.41 million in fiscal 2011 until 31 March (the figure was - EUR 2.71 million for the whole of fiscal 2010). This fall was largely due to curtailments by the company on investments in new IT equipment. The cash flow from financial activities amounted to EUR -0.19 million (an influx of EUR 3.84 million for the whole of fiscal 2010). The reason for the outflow of funds was the contractual repayments of non-current bank liabilities of EUR 0,19 million. Overall, funds totaling EUR 5.63 million accrued for the company during the reporting period so that the cash and cash equivalents stood at EUR 19.07 million.

tEUR	31.3.2011		31.12.2010		Change	
Non-current assets	13,676	29.6%	13,695	30.6%	−19	−0.1%
Current assets or cash and cash equivalents	13,412	29.1%	17,668	39.4%	−4,256	−24.1%
Cash and cash equivalents	19,068	41.3%	13,442	30.0%	5,626	41.9%
Assets	**46,156**	**100.0%**	**44,805**	**100.0%**	**1,351**	**3.0%**
Equity	25,066	54.3%	24,332	54.3%	734	3.0%
Non-current liabilities	7,768	16.8%	7,541	16.8%	227	3.0%
Current liabilities	13,322	28.9%	12,932	28.9%	390	3.0%
Liabilities	**46,156**	**100.0%**	**44,805**	**100.0%**	**1,351**	**3.0%**

Report on Key Events after the End of the First Quarter in 2011

SAP officially launched the sale of three GK SOFTWARE solutions in the D-A-CH region (Germany, Austria and Switzerland) after the end of the reporting period. The E-ME-A and rest of the world regions are due to follow in further stages.

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 2011 when compared to the statements made in the group management report for fiscal 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 2010 continue to be valid without any major changes.

Outlook

In the light of the extraordinary positive development of the global economy, 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 2011 and 2012 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 2011 and 2012 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 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 consistency or even a slight decline. This would result in overall sales of roughly EUR 30.5 to 31.5 million for fiscal 2011. This growth level should be achieved with the same profitability of previous years with an approximate operating profit margin of round about 18 to 20 percent in relation to sales.

Forecasts for fiscal 2012 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 2012. 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 2011

Assets

EUR	31.3.2011 (not audited)	31.12.2010 (audited)
Non-Current Assets		
Property, Plant and Equipment	4,050,695.26	4,049,560.55
Intangible Assets	9,071,515.01	9,116,134.65
Financial Assets	300.00	300.00
Deferred Taxes	553,132.40	528,599.94
Total Non-Current Assets	**13,675,642.67**	**13,694,595.14**
Current Assets		
Inventories	0.00	0.00
Trade Accounts Receivable	2,456,643.72	9,123,243.52
Accounts Receivable from Ongoing Work	7,069,059.23	4,986,663.20
Accounts Receivable from Associated Companies	0.00	0.00
Other Accounts Receivable and Assets	3,886,517.29	3,558,185.30
Cash and Cash Equivalents	19,067,747.46	13,442,168.51
Total Current Assets	**32,479,967.70**	**31,110,260.53**
Balance Sheet Total	**46,155,610.37**	**44,804,855.67**

Liabilities

EUR	31.3.2011 (not audited)	31.12.2010 (audited)
Equity		
Subscribed Capital	1,790,000.00	1,790,000.00
Capital Reserves	13,998,387.73	13,947,106.73
Retained Earnings	31,095.02	31,095.02
Balance Sheet Profits	9,246,073.64	8,563,767.60
Total Equity	**25,065,556.39**	**24,331,969.35**
Non-Current Liabilities		
Provisions for Pensions and Similar Obligations	335,970.00	335,970.00
Non-Current Bank Liabilities	5,057,375.00	5,242,500.00
Deferred Public Sector Subsidies	1,041,330.51	1,053,528.25
Deferred Tax Assets and Liabilities	1,333,724.87	909,461.04
Total Non-Current Liabilities	**7,768,400.38**	**7,541,459.29**
Current Liabilities		
Current Provisions	462,159.08	585,223.65
Current Bank Liabilities	740,500.00	740,500.00
Trade Accounts Payable	291,862.44	476,271.33
Initial Payments Received	9,023,649.29	6,486,525.82
Income Tax Liabilities	166,363.43	528,211.87
Other Current Liabilities	2,637,119.40	4,114,694.36
Total Current Liabilities	**13,321,653.64**	**12,931,427.03**
Total Liabilities	**21,090,054.02**	**20,472,886.32**
Balance Sheet Total	**46,155,610.37**	**44,804,855.67**

Consolidated Income Statement on 31 March 2011

EUR	31.3.2011 (not audited)	31.3.2010 (not audited)	31.12.2010 (audited)
Ongoing Business Divisions			
Sales Revenues	6,719,860.87	5,752,445.70	27,689,567.41
Own Work Capitalized	178,578.67	195,027.90	648,834.32
Other Operating Revenues	274,985.46	224,239.90	1,368,069.07
	7,173,425.00	**6,171,713.50**	**29,706,470.80**
Materials Expenditure	−161,219.86	−156,853.20	−1,540,029.30
Human Resources Expenditure	−4,063,349.17	−3,296,409.47	−14,839,757.45
Depreciation and Amortization	−390,989.19	−385,240.89	−1,547,870.47
Other Operating Expenditure	−1,389,998.27	−1,274,398.57	−5,344,249.10
	−6,005,556.49	**−5,112,902.13**	**−23,271,906.32**
Operating Results	**1,167,868.51**	**1,058,811.37**	**6,434,564.48**
Financial Results	−18,010.32	−39,751.98	−127,804.74
Results before Income Taxes	**1,149,858.19**	**1,019,059.39**	**6,306,759.74**
Income Taxes	−467,552.15	−287,035.62	−1,835,700.67
Net Income for Period	**682,306.04**	**732,023.77**	**4,471,059.07**
Profits Carried Forward	**4,344,821.88**	**2,240,538.27**	**4,092,708.53**
Consolidated Balance Sheet Profits	**5,027,127.92**	**2,763,691.39**	**8,563,767.60**
Number of Shares Issued (Average Figure)	1,790,000	1,665,000	1,790,000
Non-Diluted Earnings per Share (EUR/Share)	**0.38**	**0.44**	**2.68**

Consolidated Results Accounts on 31 March 2011

EUR	31.3.2011 (not audited)	31.3.2010 (not audited)	31.12.2010 (audited)
Consolidated annual net income	**682,306.04**	**732,023.77**	**4,471,059.07**
Equity procurement costs	–	–	−178,125.00
Tax effect of equity procurement costs	–	–	51,887.81
Other results	–	–	−126,237.19
Total results	**682,306.04**	**732,023.77**	**4,344,821.88**
Allocation of total results to the owners of the parent company	**682,306.04**	**732,023.77**	**4,344,821.88**

Development of Consolidated Equity Capital on 31 March 2011

EUR	Subscribed Capital	Capital Reserves	Retained Earnings	Balance Sheet Profits	Total
Figures on 1 January 2010	1.665.000,00	7.845.779,92	31.095,02	5.757.708,53	15.299.583,47
Quarterly Net Income	0,00	0,00	0,00	732.023,77	732.023,77
Figures on 31 March 2010	**1.665.000,00**	**7.845.779,92**	**31.095,02**	**6.489.732,30**	**16.031.607,24**
Net Income from 1 April until 31 December 2010	0,00	0,00	0,00	3.739.035,30	3.739.035,30
Dividend Payments	0,00	0,00	0,00	−1.665.000,00	−1.665.000,00
Capital Increase	125.000,00	6.125.000,00	0,00	0,00	6.250.000,00
Stock Option Program	0,00	102.564,00	0,00	0,00	102.564,00
Offsetting Equity Procurement Costs with the Capital Reserve Less Tax Effect	0,00	−126.237,19	0,00	0,00	−126.237,19
Figures on 31 December 2010	**1.790.000,00**	**13.947.106,73**	**31.095,02**	**8.563.767,60**	**24.331.969,35**
Dividend Payments	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**

Consolidated Cash Flow Statement on 31 March 2011

Cash Flows from Operating Business

EUR K	31.3.2011 (not audited)	31.12.2010 (audited)
Cash Flows from Operating Business		
Consolidated Results for the Period	682	4,471
Income Taxes Affecting Results	468	1,836
Stock Option Program (non-cash expenses)	51	102
Correction in Tax Expenditure	–	52
Interest Income/Expenditure Affecting Results	18	128
Profit/Loss from the Sale or Disposal of Property, Plant and Equipment	5	5
Reversals of Deferred Public Sector Subsidies	−15	−65
Write-Downs Recognized for Receivables	0	200
Write-Ups Recognized for Receivables	−112	−286
Amortization/Depreciation	391	1,548
	1,488	**7,991**
Changes in Net Current Assets		
Changes in Trade Accounts Receivable and Other Receivables	4,808	−8,457
Changes in Trade Accounts Payable and Other Liabilities	−1,703	1,007
Changes in Initial Payments Received	2,537	4,248
Changes in Provisions Affecting Results	−123	−104
Influx of Cash from Operating Business	**7,007**	**4,685**
Interest Payments Received	21	41
Interest Paid	−66	−298
Income Taxes Paid	−743	−2,760
Net Cash Flow Provided by Operating Business	**6,219**	**1,668**
Cash Flows from Investment Activities		
Payments for Property, Plant and Equipment and Non-Current Assets	−348	−2,980
Proceeds from disposals of fixed assets	−5	4
Investment Subsidies Used	11	411
Disbursed Loans	−64	−144
Net Outflow of Cash and Cash Equivalents from Investment Activities (Transfer)	**−406**	**−2,709**

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

EUR K	31.3.2011 (not audited)	31.12.2010 (audited)
Transfer (Net Outflow of Cash and Cash Equivalents from Investment Activities)	**–406**	**–2,709**
Cash Flows from Financing Activities		
Dividend Payments	–	–1,665
Incoming Payments from Allocations of Equity Capital	–	6,250
Repayment Installments for Loans	–185	–741
Net Income in Cash and Cash Equivalents from Financing Activities	**–185**	**3,844**
Net Income in Cash and Cash Equivalents	**5,628**	**2,803**
Cash and Cash Equivalents at the Beginning of the Fiscal Year	13,442	10,637
Impact of Changes in Exchanges Rates on Cash and Cash Equivalents	–2	2
Cash and Cash Equivalents on the Reporting Date	**19,068**	**13,442**

EUR 19K were pledged as security as part of a leasing contract for business accommodation for the Berlin branch of GK SOFTWARE AG.

Notes on the Consolidated Accounts on 31 March 2011

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 2010, 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

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 1,342 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 2010 consolidated accounts. Costs amounting to EUR 582 K (profits: EUR 760 K) have been incurred so far for these revenues. Advanced payments amounting to EUR 5,000 K for these orders have been made so far. The company has also realized revenues amounting to EUR 2,142 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.

Warranty provisions amounting to EUR 203 K exist for this work.

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 1,665,000 on 31 March 2010). The group’s net income in the reporting period amounted to EUR 682 K. Hence earnings per share were 0.38 Euro (0.44 Euro on 31 March 2010). The results in the first quarter have been diluted to EUR 0.38 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:

	GK/Retail		SQRS		Eliminations		Group	
EUR K	**3M 2011**	**3M 2010**	**3M 2011**	**3M 2010**	**3M 2011**	**3M 2010**	**3M 2011**	**3M 2010**
Sales with third parties	**6,160**	**4,959**	**560**	**793**	**–**	**–**	**6,720**	**5,752**
Licenses	387	1,002	–	–	–	–	387	1,002
Maintenance work	1,340	1,202	386	394	–	–	1,726	1,596
Services	4,401	2,584	169	377	–	–	4,570	2,961
Other departments	41	171	6	22	–	–	47	193
Sales deductions	−9	–	−1	–	–	–	−10	–
Sales with the other segment	**358**	**376**	**–**	**142**	**−358**	**−518**	**0**	**0**
Segment EBIT	**1,081**	**861**	**192**	**198**	**104**	**–**	**1,169**	**1,059**
Assets	**45,319**	**32,721**	**2,815**	**4,791**	**−1,977**	**−3,055**	**46,155**	**34,477**
Cash and cash equivalents	**17.320**	**10.428**	**1.748**	**846**	**–**	**–**	**19.068**	**11.274**

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 666 K during the reporting period. Sales of EUR 2,320 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 2011.

7. Approval of the brief interim accounts

The brief interim accounts were approved by the company managers at a meeting held on 25 May 2011 and were released for publication.

Schöneck, May 2011

The Management Board

Rainer Gläß (CEO)	Stephan Kronmüller (CTO)
Ronald Scholz (COO)	André Hergert (CFO)

Imprint/Information

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 2011	16 June 2011
H1 Interim Report for 2011	30 August 2011
Analysts' Conference	21 November 2011
9M Interim Report for 2011	24 November 2011
2011 Annual Report	25 April 2012
Q1 Interim Report for 2012	24 May 2012
Annual Shareholders' Meeting in 2012	28 June 2012
H1 Interim Report for 2012	29 August 2012
9M Interim Report for 2012	28 November 2012

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