Interim Report

H1 2011

GK SOFTWARE

Summary of Consolidated Results

	30.6.2011	30.6.2010	31.12.2010
Sales (K EUR)	14,445	12,470	27,690
Total operating revenue (K EUR)	15,134	12,812	28,338
Operating performance (K EUR)	15,679	13,226	29,706
EBIT (K EUR)	2,478	2,471	6,435
EBIT margin (on sales)	17.2%	19.8%	23.2%
EBIT margin (on total operating revenue)	15.8%	18.7%	21.7%
EBT (K EUR)	2,446	2,399	6,307
Annual net income (K EUR)	1,627	1,630	4,471
Earnings per share (weighted) (EUR)	0.91[1]	0.98	2.68
Equity ratio	60.6%	43.9%	54.3%
Net debt (K EUR)	−11,442	−1,703	−7,457

1 There were 1,790,000 shares in circulation in the first half year 2011, whereas only 1,665,000 shares had been issued in the half year 2010. The average number of shares in circulation for the financial year 2010 was 1,668,767.

Contents

Ronald Scholz
COO

Rainer Gläß
CEO

André Hergert
CFO

Stephan Kronmüller
CTO

To the Shareholders

Letter from the Management Board

Dear shareholders,

GK SOFTWARE[1] managed to continue its ongoing sustained success story during the first six months of 2011 too. We can therefore report that we have once again succeeded in significantly increasing sales in comparison with the same period in the previous year. The figure of EUR 14.44 million exceeded the sales during the first half of 2010 (EUR 12.47 million) by approx. 16 percent. Operating performance rose even more sharply by 18 percent from EUR 12.81 million to EUR 15.13 million. The EBIT only rose slightly by 0.3 percent to EUR 2.48 million, following a figure of 2.47 million in the same period in the previous year; this was due to wide-reaching investments to cater for expected continuing growth levels. As a result, the EBIT margin on sales was 17.2 percent (19.8 percent during the first six months of 2010). As the developments from one quarter to the next are always dominated by individual factors, this result provides a good basis for achieving the goals that we forecast for 2011.

GK SOFTWARE has continued to grow with great success and significant profit levels in an extremely jittery economic environment marked by many risks and uncertainties. The company once again managed to gain some new major customers with international operations during the first half of 2011 and it pressed ahead with or completed some important projects.

We gained a major international project with a strong fashion theme in the form of a leading sports item manufacturer in Herzogenaurach during the first quarter of 2011. We gained Europe's leading retailer for pet needs, Fressnapf, through SAP after the end of the reporting period. Gaining this project was the first success story after the official launch of sales of three of GK Software solutions by SAP.

SAP only officially began sales of "GK offline mobile handheld application from SAP," "GK store device control software from SAP" and "GK point-of-sale software from SAP" in the German-speaking world (Germany/Austria/Switzerland) during May this year. Other sales regions (EMEA – Europe, Middle East, Africa) and the rest of the world are due to follow in further stages. To support this, SAP and GK SOFTWARE have agreed on a joint sales and marketing concept and clear structures for their technological cooperation. In addition to the sales offered by SAP, GK SOFTWARE will continue to directly provide all the software solutions.

One major factor in the launch of sales was the scheduled and successful start to pilot operations at the major EDEKA project entitled LUNAR, which was awaited with particular interest by the whole business environment. The "go live" for the project, which was completed jointly with SAP, was outstandingly 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.

Work on other projects also went according to schedule and important milestones were reached. This was reflected in mass rollouts in several major international projects. Taking into account all our projects, 15,960 new systems were installed at our customers' premises during the first six months of 2011 – which means that we have now significantly broken through the barrier of 100,000 productive systems in situ. The initial phase of one of the largest projects ever tackled by GK SOFTWARE AG involving a number of different countries was successfully completed on time – i.e. the handover of the version capable of handling the rollout and therefore the fulfillment of the content of the agreement – after the end of this reporting period.

In terms of our partner business, we have not only expanded our contracts with SAP, as already mentioned, but our relations with Bizerba and IBM continue to be particularly important. More progress was made on developing our open scales application called GK/Retail Open Scale during the first half of the year; this application can be used on the hardware of several scales

1 Whenever the term GK SOFTWARE is used, it refers to the consolidated group. The same applies to the term "the company." When GK SOFTWARE AG is used, it refers exclusively to the single company.

manufacturers – e.g. those made by our partner Bizerba. We have pressed ahead with IBM particularly in our technology and sales cooperation in conjunction with porting GK/Retail POS on IBM's self-checkout system. As a result, we can now provide the retail trade with the opportunity of integrating what were their own self-checkouts in overall IT concepts.

We are delighted to be able to inform you that Mr. Oliver Kantner joined the management team at GK SOFTWARE AG as the deputy COO with effect from 1 July 2011. Oliver Kantner is a very experienced manager and a retail business expert, who will make a significant contribution to the further expansion and success of business at GK SOFTWARE AG as a result of his many years of professional experience and his contacts to trading and services corporations with global operations.

Our expectations for fiscal 2011 remain unchanged. Based on the good figures achieved during the first half of 2011, we believe that our forecast for 2011 as a whole is on the right track and we continue to expect sales between 30.5 euros and 31.5 million for the year as a whole (sales in 2010 amounted to 27.7 million euros). Profitability levels will probably continue to reach the target corridor between 18 and 20 percent. This forecast is significantly boosted by the fact that we are continuing to conduct intense negotiations with potential customers in Germany and abroad and we will continue to develop all our projects on schedule.

This forecast is naturally subject to the proviso that no extraordinary events occur and that the developments in the eurozone or the USA 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 development course during 2011.

We are delighted to know that you are accompanying GK SOFTWARE AG along its pathway of growth and we 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 19 June 2008 to 31 July 2011, indexed, in percent

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	42.49 %
Highest price in 2011	EUR 51.00 (3 January 2011)
Lowest price in 2011	EUR 44.90 (28 June 2011)

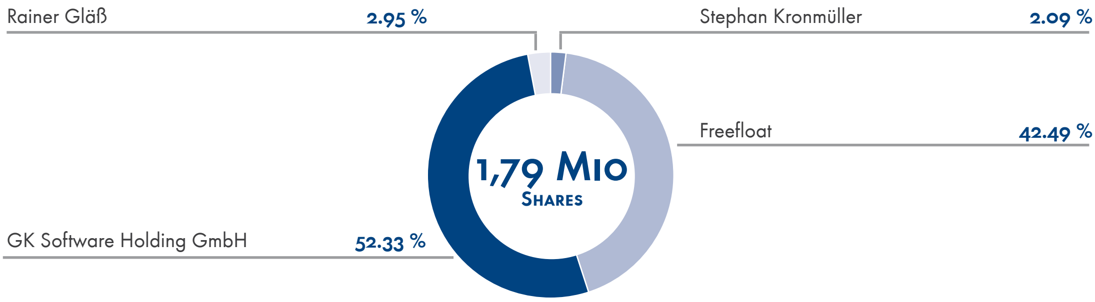
Summary/Share Performance

The value of GK SOFTWARE AG shares, which are traded in the Prime Standard section at the Frankfurt Stock Exchange, dipped slightly during the first six months of 2011. After a sharper fall, which followed the general trend in conjunction with the events in Japan and North Africa, the value had stabilized again by mid-June, but then fell again more strongly in the wake of the credit crisis in some EU countries. The value of the shares at the end of the reporting period on 30 June 2011 was 45.19 euros. This corresponds to a market capitalization figure of approx. 81 million euros.

Shareholder Structure

GK SOFTWARE AG has a very stable shareholder base, which allows the company to pursue sustainable, longterm growth. The structure of shareholders on the reporting date of 30 June 2011 was as follows: The founder and CEO Rainer Gläß directly held 2.95 percent of the shares. Stephan Kronmüller, also a company founder and the CTO on the Management Board, directly held 2.23 percent of the shares. 52.33 percent of the shares were 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 30 June 2011.

Shareholder Structure
of GK SOFTWARE AG on 30 June 2011



The company was informed about the following stockholdings in GK SOFTWARE AG, which exceed the threshold level of 3 percent:

- Universal-Investment-Gesellschaft mbH, Frankfurt am Main, 3.015 percent (on 26 June 2009)
- Deutsche Asset Management Investmentgesellschaft mbH, Frankfurt am Main, 3.152 percent (on 22 March 2010)

Directors Dealings

None during the reporting period.

Directors dealings after the end of the reporting period:

Stephan Kronmüller, Management Board
Purchase: 12 July 2011
2,500 shares at a price of 44.97 euros each

Investor Relations

GK SOFTWARE AG deliberately opted to have its shares listed on the most strictly regulated sector of the Deutsche Börse, the Prime Standard, for its IPO in the summer of 2008. From the outset, the highest levels of transparency towards its investors and all the other capital market participants have been some of the most important principles at the company.

André Hergert, the CFO, is responsible for the investor relations business and he has his own department that reports to him. This guarantees that any enquiries from investors and potential investors are answered immediately.

GK SOFTWARE AG also attaches great importance to providing an ongoing flow of information for the future. Among other things, this means drawing up quarterly, half-yearly and annual business reports in German and English, publishing a financial calendar and promptly publishing ad-hoc reports and corporate news items. The accounting system has been adapted to the international IFRS accounting standards and this meets investors' needs for information. As in previous years, GK SOFTWARE AG is also planning to hold its annual analyst conference during the Frankfurt Equity Capital Forum. Investor and press road shows also take place at regular intervals so that the company remains in permanent contact with the capital markets.

Consolidated Interim Report

Business Report

Business and General Conditions at GK SOFTWARE

Corporate Structures and Shareholdings

- Five business locations in Europe and sales branches in the USA and Great Britain

GK SOFTWARE AG and its predecessor, G&K Datensysteme GmbH, have been operating in the market place for more than twenty years now. G&K Datensysteme GmbH was founded by Rainer Gläß and Stephan Kronmüller in 1990 and this then became GK SOFTWARE AG in 2001. The company's IPO took place in the Prime Standard segment of the Frankfurt Stock Exchange in 2008. GK SOFTWARE AG is one of the world's leading technology companies for software for the retail sector with a special focus on solutions for companies with local stores.

The company's headquarters has been located in Schöneck/Vogtland since it was founded. The company has its product development department, project management and third-level support facilities at this base in addition to administration services. SQ IT-Services is also based at this location. It was founded in 2009 to handle the takeover and integration of the assets of the Solquest GmbH. Schöneck is also home to 1. Waldstraße GmbH which was set up in preparation for the launch of new business activities and is also a 100 percent subsidiary of GK SOFTWARE AG. GK SOFTWARE AG has a branch at Checkpoint Charlie in Berlin, which primarily manages marketing, sales and partner activities.

The group's second largest business location has been located in Plzen in the Czech Republic for more than ten years. Software production and research & development are carried out at the 100 percent subsidiary, EUROSOFTWARE s.r.o. Major work on programming and technological further developments for the solutions provided by GK SOFTWARE AG take place at the Plzen base.

GK SOFTWARE AG has another 100 percent subsidiary in Switzerland in the shape of StoreWeaver GmbH. This company has a German base in the state of Saarland in St. Ingbert. StoreWeaver GmbH is responsible for the ongoing conceptual development of the StoreWeaver product group and also looks after former customers of Solquest GmbH.

GK Soft GmbH – also a 100 percent subsidiary – is also based in Zurich; this company was set up in order to handle the Swiss service business. The GK SOFTWARE RUS GmbH was set up in order to handle the Russian service business.

Sales branches were opened in the USA and Great Britain in 2009.

The GK SOFTWARE AG Management Board includes the two company founders, Rainer Gläß (CEO) and Stephan Kronmüller (CTO). The other

Group structure
at GK SOFTWARE AG

members of the Management Board are Ronald Scholz (COO) and André Hergert (CFO).

Oliver Kantner joined the management team at GK SOFTWARE AG as deputy COO with effect from 1 July 2011. The current COO, Ronald Scholz, is taking parental leave during the second half of 2011 and is considering not returning to the company after this time.

The three-man Supervisory Board at GK SOFTWARE AG is led by the chairman, Uwe Ludwig. He has been a member of the Supervisory Board since 2001. The deputy chairman Thomas Bleier has been a member of the committee since 2003. Herbert Zinn has been a member of the Supervisory Board since 2011. Both the Supervisory Board and Management Board would like to express their warm gratitude for the many years of service that Mr. Heinrich Sprenger gave to the committee; he left the Supervisory Board after the completion of the annual shareholders' meeting in 2011.

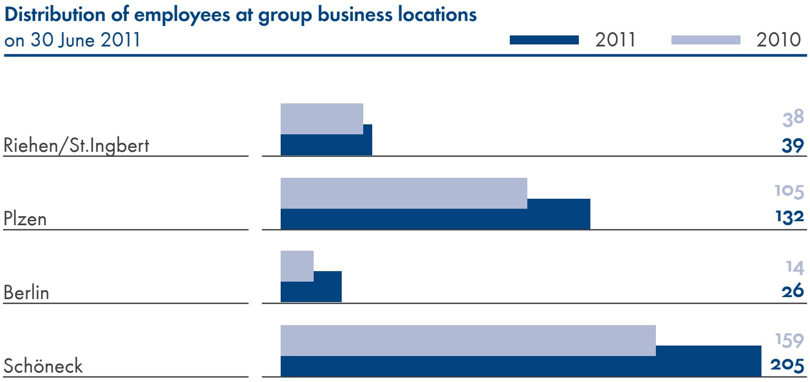
Human Resources

- Strong human resources growth to a figure of 403 employees
- Expansion of the Berlin offices
- Trainee and further training programs for members of staff

403 employees were employed within the group at the reporting date on 30 June 2011. This means that 89 more members of staff were employed in comparison with the same reporting date in the previous year (314). The growth rate is therefore 28 percent. The growth in the number of new projects has been matched by the strong expansion in the numbers of people employed by GK SOFTWARE. The company will continue to deliberately expand in the future and particularly enhance the project management, software development and support departments.

About half the Group's employees work at corporate headquarters in Schöneck (205 – this

Distribution of employees at group business locations
on 30 June 2011



follows a figure of 159 on the reporting date in the previous year).

The second largest GK SOFTWARE AG business location and the third largest within the Group is based in St. Ingbert; 39 people were employed there on the reporting date (38 in the previous year). The center there also looks after an office in Riehen in Switzerland.

The Berlin offices now have 26 employees, following a figure of 14 on the reporting date in the previous year. Because the opportunities of finding the specialist staff that are required are good in Berlin, the company will continue to pursue its course of expanding this branch in the future too.

The Czech subsidiary EUROSOFTWARE s.r.o. in Plzen had 132 employees (105 in the previous year) on the reporting date.

The sales office in the USA has been extended and now has two freelance workers as a result of the expansion of international sales activities. The GK SOFTWARE RUS GmbH has one permanent employee.

The Management Board believes that the number of employees will continue to grow at a moderate pace in the future.

Huge investments have been made in training and developing employees for years in order to be able to control and boost sales growth at GK SOFTWARE AG from a human resources point of view too. The successful one-year trainee program to deliberately establish qualified members of staff has been continued. One young people was taking part in this course at the reporting date on 30 June 2011. The program is designed to offer places for five to seven participants on average each year. Three trainees are also currently employed at GK SOFTWARE AG.

The range of solutions provided by GK SOFTWARE

- New product structure to adapt to the joint solutions provided with SAP
- New product line developed with GK/Retail Open Scale
- Extending the StoreWeaver Enterprise Edition product line

The various GK SOFTWARE products are fully integrated in the GK/Retail Business Suite. But all the solutions can be used alone too. They are fully based on Java and open standards and can therefore operate on any kind of hardware and operating system.

GK SOFTWARE is currently selling Version 12 of the GK/Retail Business Suite. The makeup of the business suite was revised in conjunction with the sale of a number of software solutions by SAP. It is now possible to classify each solution better. The GK/Retail Business Suite is arranged on two main pillars. One of them involves the StoreWeaver Enterprise Edition (EE). The other one covers the Store Operations.

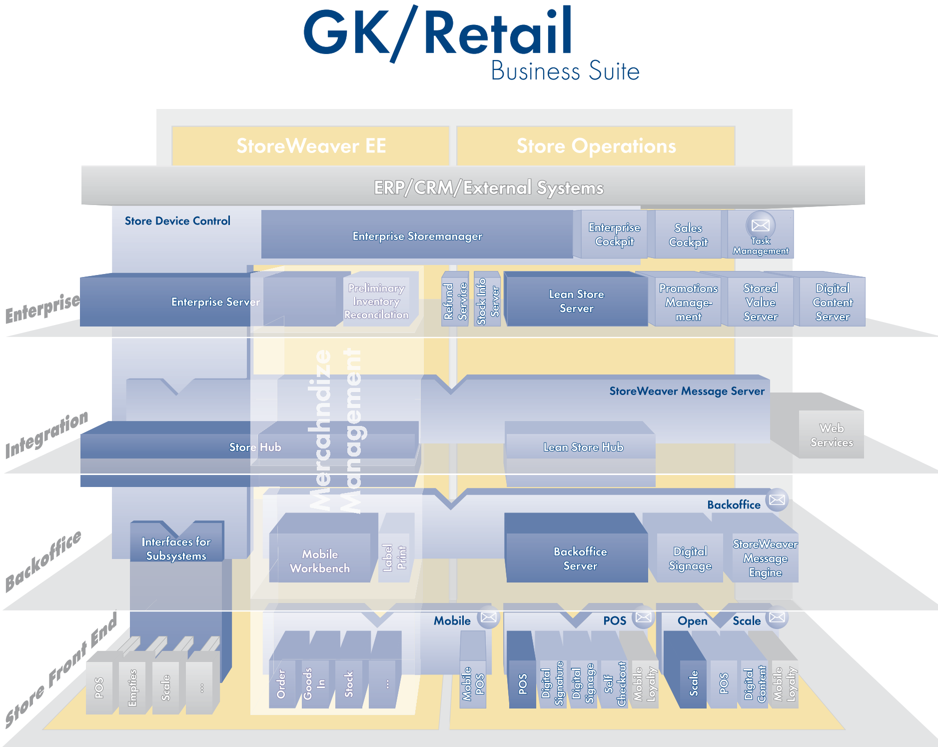
StoreWeaver Enterprise Edition

StoreWeaver Enterprise Edition comprises the Store Device Control and Mobile Store Processes components. It is closely linked to the solutions in the Store Operations area, but can be used in complete isolation from this.

- **GK/Retail Store Device Control** provides the end-to-end link within the complete store peripheral equipment, for instance, tills, scales or automatic empties machines. The software handles the automatic distribution of data to all the systems in a store with a direct link to the leading SAP system. This guarantees that any changes to master data (e.g. prices) are available on the correct system within the store at the right time. At the same time, the software ensures that the central systems are supplied with what is known as transaction data (e.g. sales data). The link for the various subsystems in a store is provided through standardized peripheral heads, on to which solutions from different manufacturers can be docked. The Enterprise Storemanager guarantees the central management of the overall systems landscape. The Enterprise Cockpit handles the monitoring work across the systems. Both solutions can also be used outside the StoreWeaver Enterprise Edition in the field of Store Operations.
  The complete software component is sold by SAP under the name "GK store device control software from SAP."
- **GK/Retail Mobile Merchandise Management Processes** covers the store management processes, which can be made available directly to mobile terminals on the floor of the store or in the stock area. The processes, which can be provided online or offline, rely on a leading central system like SAP. They allow the stores to be linked end-to-end with enterprise headquarters in almost real time and manage all the necessary business processes like deliveries, merchandise planning, inventories or automatic label printing.
- This software component is sold by SAP under the name "GK offline mobile handheld application from SAP."

Store Operations

The GK/Retail Store Operations software provides solutions for use in stores and enterprise headquarters in the retail trade. They are designed to handle all the business processes at tills, shelves,



in the stock areas or the back office in the best possible way and manage and monitor complex store structures from enterprise headquarters. All the software solutions are coordinated with each other and can be used by customers as a complete package or separately. The following solutions form part of this product line:

- **GK/Retail POS** iis the market-leading solution for operating till systems. The application guarantees secure handling for all business processes at tills (POS = point of sale) and provides extensive back office functions for managing money, store administration or reporting purposes. Special editions of this software can also be used for mobile devices or self-checkout systems. SAP sells the software under the name "GK point-of-sale software from SAP."
- **GK/Retail Open Scale** is a new software solution within the GK/Retail Business Suite. It is based on the same technical concepts as the other software solutions and is a self-contained application for all kinds of open PC scales. It enables the retail sector to use end-to-end IT structures and be free to select scales from any hardware supplier.
- **GK/Retail Taskmanagement** ensures that information can be automatically distributed simultaneously and in a controlled fashion, e.g. regarding recalls of items, corporate-wide announcements or other information. The module, which has been specially designed for the needs of companies with many stores, allows a very fast and end-to-end flow of information and can also be used on mobile units.
- The **GK/Retail Lean Store Server** allows all the back office servers to be centralized. This means that an important part of the IT systems can be moved out of the stores to enterprise headquarters. This opens up considerable potential for store-based corporations, as they can use more powerful servers, for example, and servicing and maintenance costs can be significantly reduced. GK SOFTWARE AG is the world's leading company for the centralization of background systems for store-based corporations.
- **GK/Retail Enterprise Storemanager** is the market leading software, which provides administration and technical monitoring facilities for major store networks, which may operate in different countries. The software allows corporations to manage and monitor thousands of stores in many countries and is an important unique selling feature of the GK/Retail Business Suite.
- **GK/Retail Enterprise Cockpit** provides managers with a very fast summary of technical and specialist key performance indicators. This means that technical breakdowns in stores are recognized immediately and sales data (e.g. volumes of sales) can be evaluated in real time. This solution provides corporate-wide transparency with regard to the status of systems in stores and supplies central business management data.
- **GK/Retail Enterprise Promotions Management** is a complete solution for designing, carrying out and managing corporate-wide promotions and special offers.

It can be used, among other things, to manage discounts on customer card systems or the acceptance of many kinds of coupons at tills.

- **GK/Retail Stored Value Server** guarantees secure, corporate-wide administration services for all the gift cards that have been issued. It provides a central database for supplying all the gift card information within the complete corporation and also handles all the processes related to electronic gift cards.
- **GK/Retail Digital Content Management** is the central software solution for distributing multimedia content to various output devices within the complete corporation. This means that photos, slide shows or videos can be distributed to the relevant systems within the company. The system also allows pure text messages to be sent (e.g. for electronic shelf labels).
- **GK/Retail Sales Cockpit** prepares all the relevant key performance indicators for the various management levels at a retail corporation from a sales point of view in real time. This software can also be used on mobile devices like iPads.

The SQRS Software Package

When the company took over the assets of the former company Solquest GmbH, it also took over its software package – Solquest Retail Solutions (SQRS), which is being used by eight customers at approx. 10,000 installations. The particular high-performance features of the software lie in the fields of SAP integration and its mobile solutions. The SQRS software solutions are no longer being sold in order to keep the Group's product portfolio streamlined. But there are still permanent requirements, which are being handled by StoreWeaver GmbH, to cover existing customer relations. Alongside this, a medium-term migration path has been developed in order to provide a long-term perspective for the customers of the former Solquest GmbH company.

Further Development of Products

GK/Retail 12 was extended on schedule in line with the roadmap to include solutions elements, functions and interfaces to subsystems during the first half of 2011. The major focus included work on GK/Retail Open Scale, a POS option for IBM self-checkouts and developments in various solutions for iPods/iPhones and iPads.

Services

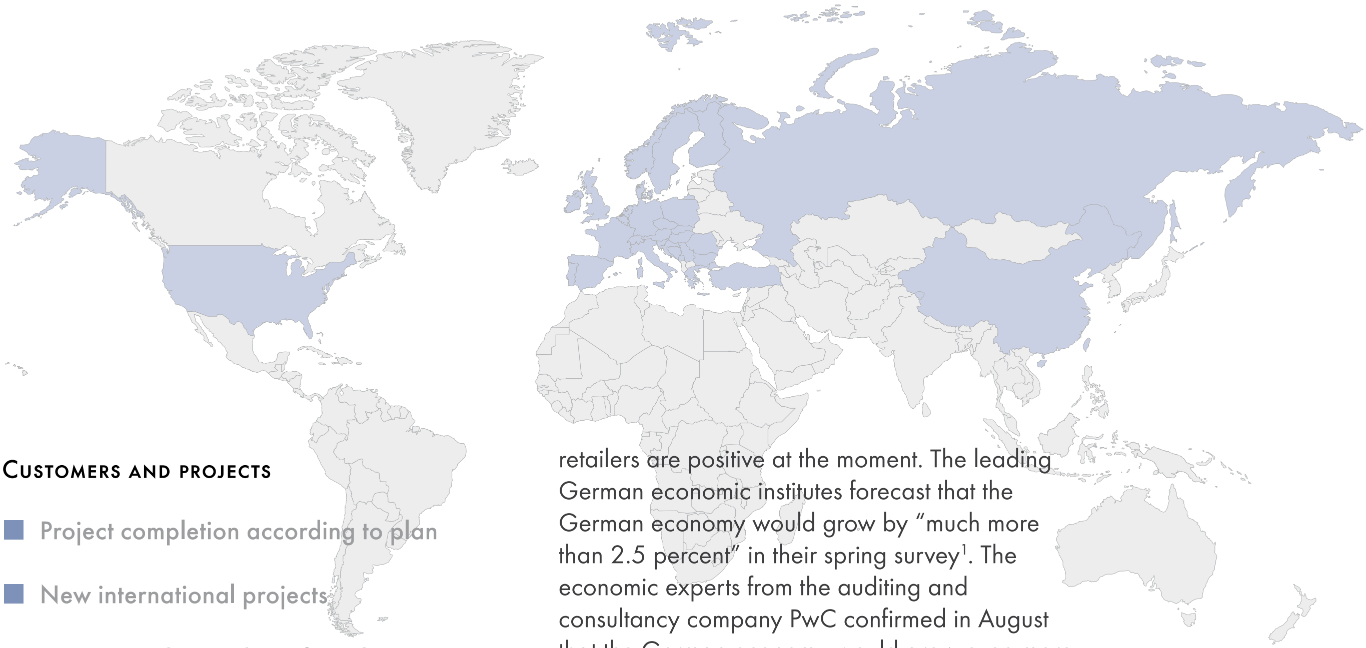
GK SOFTWARE AG not only provides products, but also extensive services. For example, they include analysis and advisory services when implementing new store solutions or adapting solutions that have already been introduced to the expanded demands of customers, like the integration of new bonus systems in till systems. The company also assumes responsibility for producing the documentation within projects and training people to handle the software products and providing the relevant project management services.

Another major feature includes the provision of maintenance and support services, the rollout and having engineers on standby.

Research and Development

Research and development as a strategic factor in the face of competitors

The ongoing developing of existing products and the development of new software solutions have been the corporate group´s major focus during the past few fiscal years and they will continue to be a strategic competitive factor in the future too. This is reflected in the continuing growth in the number of employees in this department. The main part of the research and development department is based at the EUROSOFTWARE s.r.o. subsidiary in Plzen.



Customers and projects

- Project completion according to plan
- New international projects
- Increasing the number of productive countries through international projects

Most of GK SOFTWARE's customers continue to come from the retail sector. The market sectors where the company is active are primarily the food retail sector, drugstores & household goods, fashion & lifestyle or technology & cars. The company provides pre-configured solutions for cash & carry, department stores, discount/food stores, specialist retails and cell phone shops, which are customized to meet the needs of these segments. The products and services are geared for corporations of various sizes.

Important new projects in the first half-year 2011:

- A leading international sports item manufacturer with more than 1,000 stores in many countries
- Fressnapf, the largest European pet supplies retailer (with more than 1,000 stores in Europe) – after the end of the reporting period

Market and Competitive Environment

- Nominal growth in the retail sector of approx. 2.7 percent during the first half of 2011
- Growth of at least 1.5 percent expected in the retail sector for the whole of 2011

Business developments at GK SOFTWARE AG are largely determined by the economic developments within the retail sector in Germany and in Europe. The fundamentals and the general mood among retailers are positive at the moment. The leading German economic institutes forecast that the German economy would grow by "much more than 2.5 percent" in their spring survey[1]. The economic experts from the auditing and consultancy company PwC confirmed in August that the German economy would grow even more strongly at an annual rate of 3.5 percent and that growth in 2012 would still reach 2.2 percent.[2]

But we need to note that the positive development in Germany is much stronger than in the eurozone overall, where Italy, Spain, Portugal, Ireland and Greece all have weak or even falling growth rates. Overall, these developments may create opportunities for GK SOFTWARE: Its core markets will start to grow again and the downward trend will halt or modest growth will start again in its other target areas.

There is, however, no clarity about how long the turbulence, which hit the capital markets in a surprising manner and coincided with the agreement reached in the US on how high the country's level of debt should be, will last. The effects of this turbulence on the real economy are still completely unpredictable. Signs that the German economy will lose a lot of its steam are increasing, but the magnitude of the effects of these problems is hard to estimate.

The same is true of consumer sentiments. It is currently true that consumers' willingness to purchase goods and services is still high, as the GfK (Society for Consumer Research) has established. But consumer optimism is being curbed by falls in income levels and the weakening of economic expectations.[3] Viewed as a whole, German consumers, however,

1 http://www.handelsblatt.com/politik/konjunktur/nachrichten/japan-krise-perlt-an-deutscher-wirtschaft-ab/4030268.html

2 http://www.boersen-zeitung.de/index.php?l=5&dpasubm=all&ansicht=meldungen&dpaid=436741

3 http://www.gfk.com/group/press_information/press_releases/008411/index.de.html

still have plenty of confidence and the retail sector should continue to benefit from this.

This was evident, even in the survey of retailers that was carried out in the spring, which consistently detected a positive mood within the sector. According to the Ernst&Young trading barometer, 98 percent of German retailers rated their current business situation as good (71 percent) or as fairly good (27 percent).[1] This meant that the positive mood had continued to grow since the last survey conducted in October 2010. Rising budgets, particularly in the marketing and human resources departments, were expected to be the results of this trend.

The current figures confirm the forecasts for developments. The classic retail sector achieved nominal growth in sales of 2.7 percent during the first six months of 2011. After adjustments to take inflation into account, this represents real growth of 1.5 percent.[2] Despite the above-average six months, the HDE (German Retail Federation) is standing by its forecast of 1.5 percent nominal growth for the full year.[3]

1 http://www.ey.com/Publication/vwLUAssets/Handelsbarometer_-_Maerz_2011/$FILE/Ernst-Young%20Handelsbarometer%20Maerz%202011.pdf
2 http://www.einzelhandel.de/pb/site/hde/node/1402489/Lde/index.html
3 http://www.einzelhandel.de/pb/site/hde/node/1402489/Lde/index.html

Opportunities of the same magnitude for IT services providers could result from these positive sales figures within the retail sector. In the spring, the study published by the EHI Retail Institute on the subject of IT trends within the sector in 2011 revealed that IT budgets remain at the level of previous years at approx. 1.12 percent of net sales.[4] Based on current increases in sales, this could lead to moderate growth in expenditure on IT applications within the sector.

Issues related to improved customer sales approaches like loyalty schemes, multi-channel activities, mobile couponing or smartphone apps are the major focus of retailers' attention at the moment. A significant proportion of investments will also be made to replace till systems over the next few years – approx. 30 percent of the retailers questioned are planning to do this.[5] The till study published by the EHI Retail Institute last year showed the high level of need for investments within the retail sector in this field. The average age of software used in stores may be 5.8 years, but 20 percent of retailers are still using software that is more than ten years old.[6]

In the light of these trends, which also apply to other markets, GK SOFTWARE is optimistic that the readiness to invest on the part of the retail sector will continue to grow in the short and medium term.

4 EHI Retail Institute, IT-Trends im Handel, Köln 2011, S. 18.
5 Ebenda, S. 19.
6 EHI Retail Institute, Kassensysteme 2010, Köln 2010

This will provide GK SOFTWARE with further opportunities within the markets that it is targeting.

The company has continued to increase its sales potential through the closer partnership with SAP and the expanded sales activities in the USA, Great Britain and Russia and also as a result of additional enquiries from markets that it is not actively targeting at the moment.

GK SOFTWARE is currently in a good position in several ongoing bids for tenders in Germany and abroad and has significant advantages over its rivals because of its broad product portfolio, the internationality of its software solutions and its proven ability to implement projects quickly.

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

Earnings Situation

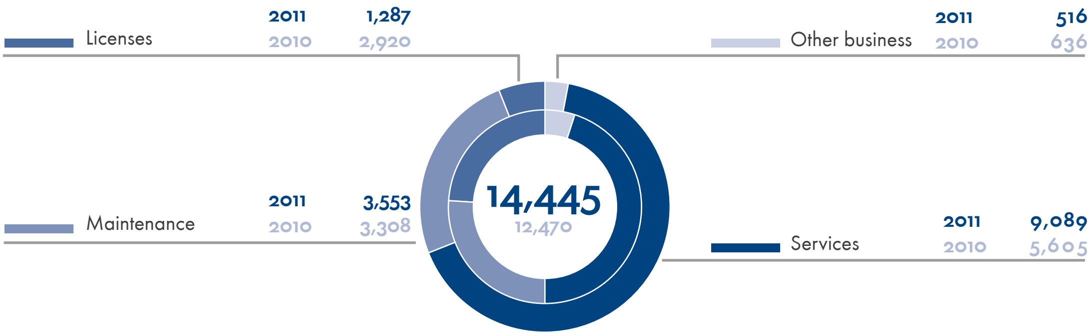
- Successful first six months of the year: Sales above 14 million euros; net income for the period of 1.70 million euros
- Sales rose by nearly 16 percent
- EBIT margin on operating revenues: 17.2 percent

GK SOFTWARE AG and the companies within the group have successfully launched out into fiscal 2011 and are continuing to follow the gratifying trend of the past few years.

It was possible to increase sales from a comparable figure during the same period in the previous year from 12.47 million euros to 14.44

K EUR	H1 2011		H1 2010		Change		Business Year 2010	
Sales with								
GK/Retail	13,278	91.9%	10,711	85.9%	2,567	24.0%	24,380	88.0%
SQRS	1,167	8.1%	1,758	14.1%	−591	−33.6%	3,310	12.0%
Total	**14,445**	**100.0%**	**12,470**	**100.0%**	**1,976**	**15.8%**	**27,690**	**100.0%**
Licences	**1,287**	**8.9%**	**2,920**	**23.4%**	**−1,633**	**−55.9%**	**8,277**	**29.9%**
of which								
GK/Retail	1,287	8.9%	2,639	21.2%	−1,352	−51.2%	7,981	28.8%
SQRS	–	0.0%	281	2.3%	−281	−100.00%	296	1.1%
Maintenance	**3,553**	**24.6%**	**3,308**	**26.5%**	**245**	**7.4%**	**6,951**	**25.1%**
of which								
GK/Retail	2,786	19.3%	2,539	20.4%	247	9.7%	5,461	19.7%
SQRS	767	5.3%	769	6.2%	−2	−0.3%	1,490	5.4%
Services	**9,089**	**62.9%**	**5,605**	**45.0%**	**3,484**	**62.2%**	**11,752**	**42.4%**
of which								
GK/Retail	8,700	60.2%	4,951	39.7%	3,749	75.7%	10,335	37.3%
SQRS	389	2.7%	654	5.2%	−265	−40.5%	1,417	5.1%
Other business	**516**	**3.6%**	**636**	**5.1%**	**−135**	**−20.7%**	**710**	**2.6%**
of which								
GK/Retail	505	3.5%	582	4.7%	−77	−13.2%	603	2.2%
SQRS	11	0.1%	54	0.4%	−43	−79.6%	107	0.4%

Development of sales distribution (half-year results)
between 2010 and 2011 in K EUR



euros million – a rise of at least 16 percent. However, earnings before interest and tax only rose by 0.3 percent from 2.47 million euros to 2.48 million euros. This figure means that the EBIT margin based on sales is 17.2 percent, which should be compared to the previous year's figure of 19.8 percent. The Group results from the period during the first half of 2011 from 1.63 million euros was similar to the figure in the previous year. If we relate these figures to the average number of shares issued during the first six months of 2011, this provides earnings per share of 0.91 euros, similar to the in the same period in the previous year.

The rise in total sales of 1.98 million euros is due to organic growth in the Group's core business – sales of the GK/Retail software rose by almost one quarter (+2.57 million euros) and a fall in sales within the SQRS sector of about one third (−0.59 million euros) to 1.17 million euros.

The growth in sales within the GK/Retail segment is supported by the sales in the services business. It was possible to increase these revenues by 3.75 million euros (+75.7 percent) to almost double the previous year's figure (from 4.95 million euros to 8.70 million euros). The maintenance business linked to GK/Retail also made a contribution to the growth in sales. Sales in this department rose by 0.25 million euros or 9.7 percent to a current figure of 2.79 million euros. The development of license sales, which fell by 1.35 million euros to a figure of 1.29 million euros following a figure of 2.64 million euros in the previous year, was much worse than in the comparable period in 2010. The reason for this fall is in the time structure of the projects that were started; no major software deliveries were made during the first half of this year; on the contrary, greater expenditure was made on initial installations and changes in the services area and this led to the strong increase in the services revenues.

The development of sales in the SQRS segment returned to expectations after the strong fall during the first quarter, if we ignore the license revenues amounting to 0.28 million euros that accumulated beyond normal planning during the previous year. While maintenance sales are expected to reach the level of the previous year at 0.77 million euros, the fall in services revenues by 0.27 million euros or 40.5 percent to a current figure of 0.39 million euros was

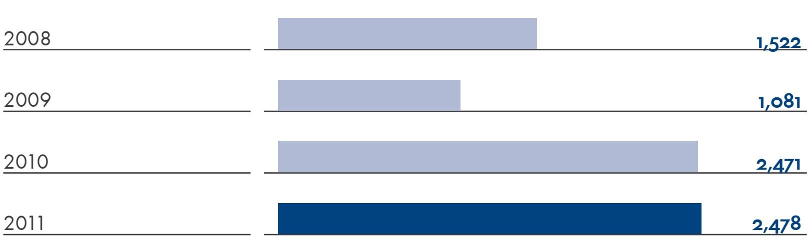
K EUR	H1 2011		H1 2010		Change
Sales revenues	14,445	92.1%	12,470	94.3%	1,975
Changes in stock of unfinished goods	–	0.0%	–	0.0%	–
Own work capitalized	689	4.4%	343	2.6%	346
Operating revenues	**15,134**	**96.5%**	**12,812**	**96.9%**	**2,322**
Other operating revenues	545	3.5%	414	3.1%	131
Total operating revenues	**15,679**	**100.0%**	**13,226**	**100.0%**	**2,452**

almost completely due to the poor first quarter, which accounted for 0.21 million euros of this decline.

Other sales revenues, which are largely the result of purchases of hardware on behalf of customers, accounted for a share of 3.6 percent of total sales, following a figure of 5.1 percent in the previous year's reporting period.

If we look at the operating performance, this rose by 0.35 million euros or 18.1 percent to a current figure of 15.13 million euros following a figure of 12.81 million euros, on account of the increase in sales and a rise in own work capitalized. The increase in own work capitalized is not only due to the ongoing development of the "GK/Retail Store Solutions," but also the further development of the "GK/Retail Store Device Control" and "GK/Retail Mobile Merchandise Management Processes" standard products and the new "GK/Retail Open Scale" product. The latter provided sales of 0.31 million euros for the first time.

Development of the EBIT (half-year results)
between 2008 and 2011 in K EUR



Total operating revenue rose in a similar fashion from a figure of 13.23 million euros in the previous year to 15.68 million euros. The share of sales in total operating revenue fell slightly from 94.3 percent to 92.1 percent in comparison with the previous year, while the share of own work capitalized, which reflects the further development of our company's software solutions, rose from 2.6 to 4.4 percent during the reporting period.

In the light of the repeated expansion of this work, the Group's development and project handling capacities were once again expanded and suitably qualified members of staff were hired. The expenditure on human resources within the Group therefore rose from 6.92 million euros to 8.91 million euros. This corresponds to a human resources expenditure quota of 56.9 percent related to the company's operating revenue, following a figure of 52.3 percent during the comparable period in the previous year.

Depreciation and amortization during the reporting period fell to 0.88 million euros, following a figure of 0.75 million euros in the previous year. The rise of 0.13 million euros is mainly due to the planned increase in the need for depreciation related to property, plant and equipment of 0.09 million euros. The increased need to depreciate operating and business equipment on account of the expansion of operating business to the tune of 0.07 million euros is the main reason for this. In terms of intangible assets, the scheduled need for amortization rose by 0.04 million euros, while the amortization related to customer relations fell by 0.03 million euros in comparison with the reporting period in the previous year, while the amortization for own work capitalized rose by 0.07 million euros.

Other operating expenditure amounted to 2.68 million euros during the reporting period, following a figure of 2.50 million euros in the previous year. The increase of 0.18 million euros consists of various fairly minor cost items. Some of the costs associated with the expansion of operating business rose considerably (travel expenses by one third or 0.25 million euros, recruiting new employees by 0.1 million euros, i.e. double the previous figure), but general administration costs fell. It was possible to reduce legal and consultancy costs and other general expenditure on operations by a total figure of 0.12 million euros.

As a result, the Group achieved earnings before interest and tax (EBIT) of 2.48 million euros during the first half of 2011. This meant that the previous year's EBIT (2.47 million euros) after the first six months of the year was slightly exceeded. The financial results during the first half of 2011 were −0.03 million euros (−0.07 million euros in the previous year). Expenditure on interest payments fell from 0.16 million euros to 0.14 million euros during the reporting period in comparison with the previous year. The increase in interest earnings from 0.08 million euros to 0.11 million euros during the first six months of 2011 was largely due to interest rates rising again.

It was possible to increase earnings before tax (EBT) from euros 2.40 million euros in the previous year to 2.44 million euros. After tax, net income for the period amounted to 1.63 million euros just like the figure in the previous year.

Based on the 1,790,000 shares issued on the reporting date, this provides earnings per share of 0.91 euros (the figure for the same period in the previous year based on the number of shares currently in circulation was 0.91 euros per share).

encumbered by interest payment obligations (5.61 million euros) by 11.44 million euros.

The increase in non-current assets is largely due to the increase of the carrying amount of the capitalized development costs (+0.28 million euros) and the equipment for offices and business operations (+0.10 million euros). The increased stocks of office and business equipment are mainly due to furnishing the newly built workstations and infrastructure as a result of the growth in the number of the company's employees.

The decline in current assets is primarily caused by the fall in trade accounts receivable of 4.38 million euros in comparison with the figures on 31 December 2010 and receivables from work in progress amounting to 2.65 million euros. The reason for the fall is the settlement of invoices issued on the balance sheet reporting date in 2010 by customers and the completion of projects. On the other hand, other accounts receivable and assets rose by 0.31 million euros.

K EUR		H1 2011		H1 2010	Change
EBIT	2,478	17.2%	2,471	19.8%	0.3%
EBT	2,446	16.9%	2,399	19.2%	2.0%
Consolidated net income	1,627	11.3%	1,630	13.1%	−0.2%

Assets Situation

The Group balance sheet total on the reporting date of 30 June 2011 fell from a figure of 44.81 million euros on the balance sheet reporting date of 31 December 2010 to a figure of 41.54 million euros. The reason for this decline by 3.26 million euros is a decline in current assets (by 3.54 million euros), the rise in non-current assets (by 0.28 million euros) and an increase in cash and cash equivalents by 3.61 million euros. The relevant changes on the funding side involve a decline in current liabilities by 3.74 million euros, non-current liabilities by 0.35 million euros and an increase in equity of 0.83 million euros.

The Group's cash and cash equivalent resources amounting to 17.06 million euros exceed the liabilities

Cash and cash equivalents rose by 3.61 million euros from 13.44 million euros to 17.06 million euros in comparison with the figure at the end of 2010. The maintenance of adequate cash and cash equivalents is a high priority for the Management Board in order to be able to maintain the capacity to engage in commercial operations at GK SOFTWARE and the other companies within the Group in the face of potential opportunities and crisis situations.

Despite the net income for the period of 1.63 million euros, the equity only rose by 0.83 million euros in comparison to the figure at the end of 2010 to 25.17 million euros as a result of the dividend payment decided at the 2011 annual shareholders' meeting of 0.50 euros per share.

The changes in non-current liabilities are dominated by the scheduled repayments of non-current bank liabilities in comparison with the figures for the end of 2010. Non-current bank liabilities fell by 0.37 million euros to 4.87 million euros. The deferred subsidies from the public sector amounting fell by 0.03 million euros, but this was compensated for by the allocations to the pension reserves amounting to 0.02 million euros and the increase in deferred tax assets and liabilities by 0.03 million euros. The change in deferred tax assets and liabilities was largely caused by the capitalization of development costs.

over the figure for the previous year was in the change to net working capital related to the reporting date. While the cash flow from operating activities in the narrow sense amounted to 3.23 million euros during the reporting period and reached almost the same level during the reporting period during the previous year (3.21 million euros), this figure was weighed down by changes in the net working capital amounting to 2.19 million euros during the reporting period in the previous year, while these changes eased the operating cash flow by 3.03 million euros during the current period.

K EUR	H1 2011		31 December 2010		Change
Non-current assets	13,976	33.6%	13,695	30.6%	2.1%
Current assets or cash and cash equivalents	10,515	25.3%	17,668	39.4%	−40.5%
Cash and cash equivalents	17,055	41.1%	13,442	30.0%	26.9%
Assets	**41,546**	100.0%	**44,805**	**100.0%**	**−7.3%**
Equity	25,167	60.6%	24,332	54.3%	3.4%
Non-current liabilities	7,192	17.3%	7,541	16.8%	−4.6%
Current liabilities	9,187	22.1%	12,931	28.9%	−29.0%
Liabilities	**41,546**	100.0%	**44,805**	**100.0%**	**−7.3%**

The current liabilities, which fell by 3.74 million euros in comparison with the figure at the end of 2010, were dominated by the declines in items related to installments received (decline by 3.31 million euros on account of the completion of projects), trade accounts payable (−0.22 million euros) and other liabilities (−0.70 million euros). On the other hand, income tax liabilities rose by 0.50 million euros.

Financial Situation

The cash flow from operating activities amounted to 6.16 million euros during the first half of the year, while an operating cash flow of 0.71 million euros was achieved during the reporting period in the previous year. The main reason for the increase

While investment activities did not change significantly in comparison to the reporting date in the previous year (outflow of funds in the first six months of 2011: 1.25 million euros; the figure for the first half of 2010 was 1.00 million euros), financing activities did show an outflow of funds of 1.27 million euros on account of the dividend payment totaling 0.90 million euros and the planned repayment of loans amounting to 0.37 million euros. The outflow of funds from financing activities totaled just 2.04 million euros during the same period in the previous year. As a result, the outflow of funds for the reporting period amounted to 3.61 million euros, after cash and cash equivalents remained almost unchanged during the same reporting period in the previous year.

Report on Key Events after the Reporting Period

No major events have taken place since the end of the reporting period.

Report on Risks and Prospects at GK SOFTWARE

Risks

GK SOFTWARE deliberately takes entrepreneurial risks in order to be able to benefit from the opportunities presented by the market. In order to recognize, manage and minimize risks at an early stage, a risk management system have already been put in place. Among other things, the Management Board meets once month in order to identify possible risks and introduce counter-measures. The Supervisory Board is informed of the results of these discussions. On an operating basis, the relevant project managers provide information to the appropriate member of the Management Board about possible risks during the course of current projects. GK SOFTWARE AG believes that the degree of customer satisfaction and the number of new customer contacts are important indicators for assessing risks. So both these factors are subject to particular monitoring and are regularly checked as part of sales controls. This assessment of risks is being continually updated.

The assessment of the general economic situation by the Management Board has not changed since the publication of the 2010 annual accounts. Despite the positive news regarding developments in the economy in Germany in the second quarter of 2011, many comments suggest a further slow-down because of the subdued prospects for the global economy and therefore for the German economy, which depends on exports so heavily. As business developments for the group's customers depend on the general consumer climate in Germany and Europe, this also affects the prospects of GK SOFTWARE AG in a special way: The contradictory signals from the global economy make it difficult to assess overall ongoing economic developments. But it is comforting that estimates predict moderate economic growth of 1.5 percent. The situation has been aggravated by the turbulence on the global financial markets, which has occurred since the reporting date and it is hard to assess how long this will last, how serious it will be or what consequences it may have for the real economy.

It is true that the forecasts issued by associations and analysts suggest that the retail sector will once again experience relatively calm developments in the overall economic environment, which has settled down considerably, but the psychological effects of what are contradictory news reports on the investment behavior of customers of GK SOFTWARE in an environment that is hard to appraise is difficult to evaluate – as was the case last year.

As a result, the Management Board is continuing to make efforts to maintain room to maneuver by making costs flexible and deliberate cost management.

On the basis of its customer structure and the structure of its target market, the consolidated group business is repeatedly dominated by individual major projects with a relatively low number of customers, so that these business relations provide significant contributions to sales and results within a fiscal year. The Management Board assumes that this will continue to be the case in the future too. If a business partner breaks off a project or falls into payment difficulties, this could have financial consequences for GK SOFTWARE. However, this risk is restricted by regular payment plans or agreemants for payments according to what are known as project milestones.

The ongoing consolidation of the retail sector market may lead to a reduction in the number of store networks in the short term, so that demand from the retail sector could rise. The retail sector in Germany is generally dominated by price wars. Retail companies therefore seek to pass on the resulting pressure on prices to their suppliers and contractual partners. This process is also felt for investments in IT equipment and may have an effect on producers of retail sector software. As GK SOFTWARE AG, however, provides solutions for a highly central function within retail sector groups, these risks are not classified as a threat to the company’s existence.

The planned expansion is also associated with certain financial risks. These mainly arise from preliminary payments made to acquire customers – by consolidated companies. In the course of any further expansion, the project business will have to be increasingly scaled and this should take place using partners. However, there are other risks when working with partners – not every process can be precisely controlled.

GK SOFTWARE AG does not rule out a situation where it partly acquires its products and sales base by deliberate acquisitions in order to complete the planned expansion of its business operations in the next few years. The consolidated group will exercise the maximum possible degree of prudence when preparing for and checking acquisitions. But it is impossible to completely eliminate the risk that an acquisition may have negative effects on the results at GK SOFTWARE.

To ensure further growth, the companies also need to attract additional highly qualified employees and we cannot rule out the possibility that members of staff in key positions will leave the consolidated companies. So it will be an ongoing challenge for the consolidated group to commit current staff to the firm and at the same time attract new, motivated specialists. GK SOFTWARE is making every effort to be an interesting employer for its existing employees by providing a combination of interesting tasks, international fields of operations with its innovative products and becoming one for the labor market. The IPO and the company’s reputation as an innovative IT corporation have increased the attractiveness of the group for the labor market.

Against the backdrop that the group is managing its capital – which includes both equity and all accounts receivable and payable – with the aim of guaranteeing that the group will be able to service its loans and debts at all times and provide adequate liquidity to secure investment projects and is attaching the greatest importance to maintaining capital, it is important to name the following further risks to business developments.

The financial risks not only involve loan default risks, but also liquidity and market risks. The maximum loan default risk corresponds to the carrying amount of the financial assets. However, the Management Board does not expect any loan defaults, which are not covered by the (slight) write-downs entered in the accounts, on account of its experience and ongoing contacts with debtors (our customers). In the light of the group's liquidity situation with a large surplus of cash and cash equivalents over and above liabilities with banks and other interest-bearing liabilities, the Management Board has not identified any liquidity risks. The following can be said with regard to identifiable market risks like currency or interest risks: The group only has foreign currency accounts receivable and payable to a very small degree in Czech crowns. They are listed in sections 3.3, 3.5, 3.13 and 3.16. Because of the low level of exposure, no currency risks need to be reported.

As far as interest risks are concerned, it must be said that all the financing instruments are all current, with the exception of the loans that have been taken out. So no interest risks need to be reported. The investment loans taken out before 1 January 2009 are guaranteed by means of hedging through interest rate capping tools to guarantee the interest conditions that have been agreed to. No guarantee of interest levels has been secured for the loans taken out during the course of fiscal 2009 because of the current capital market situation. However, the company will continue to monitor the situation and, if necessary, will adopt measures. In the light of this, the Management Board has not identified any interest risks that need to be reported. There are no other risk categories – because of the type of financial instruments used.

In addition to the risks already mentioned, there are other factors, which could also affect the sales and revenue situation. They include, for example, risks from current projects or warranty claims.

The Management Board did not believe at the end of the first half of 2011 that there were any risks that might pose a serious threat to the ongoing existence of GK SOFTWARE.

Opportunities

There are growth opportunities for the consolidated group both in Germany and abroad. The issues targeted by the products of GK SOFTWARE AG are key strategic IT projects that are high on the list of priorities at many retail companies. In order to be a success in the international market place, the consolidated group is well placed with plenty of good references from the German retail sector and a technically well-developed product. GK SOFTWARE AG products are already well represented on the international market and are being used at more than 108,000 POS units (an increase of more than 40 percent over the previous year) in 24,000 stores in 32 countries. GK SOFTWARE AG also has several major partners with excellent networks in the retail sector. This should make it easier to gain access to new customers in international markets like the USA or Asia. The consolidated group can make use of the experience that it has gained with its German customers, as the solutions have already been successfully introduced in 32 countries and therefore can be quickly transferred to foreign customers.

The growth prospects in Germany have not yet been exhausted either by a long way. The focus of GK SOFTWARE AG will be on new areas in the future. They include, for example, fast food chains, which would significantly increase the target group of potential customers. Fairly small and medium-sized chains of stores, which have not been a prime target in the past, provide further huge potential, particularly if standardized solutions are sold. Integrated and automated processes for optimizing inventories, managing them and efficient customer management systems can help reduce warehouse costs and increase customer loyalty. As a result, the retail trade will almost certainly invest in solutions that integrate all the business processes. Without standardization and simplification of the processes, retail companies' margins will come under pressure as well. Homogenized till systems and centralized data flows will therefore be very important to retailers in the future. GK SOFTWARE AG can clearly benefit from this investment behavior in the retail sector.

The consolidation process in the software industry with sector solutions for the retail trade has already started. GK SOFTWARE AG wants to play an active role in this process with its attractive range of products and solid financial backing.

Outlook

As the risk and opportunities profile for GK SOFTWARE has not changed since the presentation of the annual accounts for 2010, the Management Board continues to stand by its overall forecast provided at that time for fiscals 2011 and 2012. These estimates take place against a background of a large number of uncertain factors, which the group is unable to influence. Despite this initial position and the fundamental impossibility of being able to predict future developments with any certainty, the Management Board believes that it can estimate the development of the financial and revenue situation of the group in such a way that the group's revenue situation will continue to improve in fiscals 2011 and 2012 as a result of further growth in sales and that the financial situation is not expected to give rise to any developments, which might pose a risk to the company's existence.

The consolidated group is intending to continue pursuing its course of further internationalization in fiscals 2011 and 2012 and achieve significant sales ratios with companies, where the management headquarters are based 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.

If we follow the estimates about developments in the economy in general and the retail sector, an expansion of sales of more than ten percent is probable. The Management Board assumes that the company will be able to maintain its level of profitability.

If developments are particularly positive, the Management Board expects growth in sales in the GK/Retail business to possibly reach 20 percent. In contrast to the forecast made at the end of 2010, we are expecting a decline in sales for the business related to SQRS. Sales of EUR 2.0 – 2.6 million are expected here. The forecast sales for the GK/Retail products amount to between EUR 28.0 million and EUR 29.5 million. Overall, we are expecting sales between EUR 30.0 million and EUR 31.5 million. This growth should be achieved with the profitability levels of the previous years with an EBIT margin of about 18 – 20 percent related to sales. The estimate for 2012 is naturally more uncertain. But in our opinion there are no reasons why developments should differ from those during each of the past few years: As a result, we are continue to expect ongoing double digit growth in sales for the GK/Retail business in 2012, while the SQRS business within the Group will lose sales in favor of GK/Retail.

We expect profitability to be maintained at current levels. On the basis of this development, we do not expect any erosion of the good financial situation that the company currently enjoys.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Consolidated financial statements

Consolidated Balance Sheet

on 30 June 2011

Assets

EUR	Notes No.	30.6.2011 (not audited)	31.12.2010 (audited)
Non-Current Assets			
Property, Plant and Equipment	2.1.; 3.1.	4,127,251.15	4,049,560.55
Intangible Assets	2.2.; 2.13.; 3.2.	9,342,368.95	9,116,134.65
Financial Assets		300.00	300.00
Active Deferred Taxes	2.11.;4.9.	505,656.50	528,599.94
Total Non-Current Assets		**13,975,576.60**	**13,694,595.14**
Current Assets			
Trade Accounts Receivable	2.4.; 3.3.	4,741,016.33	9,123,243.52
Accounts Receivable from Ongoing Work	3.4.	2,340,036.67	4,986,663.20
Income Tax Assets		250,296.00	684,000.72
Other Accounts Receivable and Assets	2.4.; 3.5.	3,183,991.45	2,874,184.58
Cash and Cash Equivalents	2.5.; 3.6.	17,055,002.79	13,442,168.51
Total Current Assets		**27,570,343.24**	**31,110,260.53**
Balance Sheet Total		**41,545,919.84**	**44,804,855.67**

Liabilities

EUR	Notes No.	30.6.2011 (not audited)	31.12.2010 (audited)
Equity Capital	3.7.		
Subscribed Capital		1,790,000.00	1,790,000.00
Capital Reserves		14,049,669.73	13,947,106.73
Retained Earnings		31,095.02	31,095.02
Balance Sheet Profits		9,296,214.22	8,563,767.60
Total Equity Capital		**25,166,978.97**	**24,331,969.35**
Non-Current Liabilities			
Provisions for Pensions and Similar Obligations	3.8.	351,337.00	335,970.00
Non-Current Bank Liabilities	3.9.	4,872,250.00	5,242,500.00
Deferred Public Sector Subsidies	3.10.	1,024,787.00	1,053,528.25
Deferred Tax Liabilities	4.9.	943,146.59	909,461.04
Total Non-Current Liabilities		**7,191,520.59**	**7,541,459.29**
Current Liabilities			
Current Provisions	3.12.	570,980.13	585,223.65
Current Bank Liabilities		740,500.00	740,500.00
Trade Accounts Payable	3.13.	255,508.05	476,271.33
Initial Payments Received	3.14.	3,176,912.74	6,486,525.82
Income Tax Liabilities	3.15.	1,033,753.56	528,211.87
Other Current Liabilities	3.16.	3,409,765.82	4,114,694.36
Total Current Liabilities		**9,187,420.30**	**12,931,427.03**
Balance Sheet Total		**41,454,919.84**	**44,804,855.67**

Consolidated Income Statement

on 30 June 2011

EUR	Notes No.	30.6.2011 (not audited)	30.6.2010 (not audited)	31.12.2010 (audited)
Ongoing Business Divisions				
Sales Revenues	4.1.	14,444,940.85	12,469,572.80	27,689,567.41
Own Work Capitalized	4.2.	689,147.92	342,834.59	648,834.32
Other Operating Revenues	4.3.	544,522.80	413,784.19	1,368,069.07
		15,678,611.57	**13,226,191.58**	**29,706,470.80**
Materials Expenditure	4.4.	−722,746.82	−583,575.43	−1,540,029.30
Human Resources Expenditure	4.5.	−8,916,532.98	−6,922,326.18	−14,839,757.45
Depreciation and Amortization	4.6.	−877,732.97	−746,865.16	−1,547,870.47
Other Operating Expenditure	4.7.	−2,682,673.43	−2,502,286.50	−5,344,249.10
		−13,199,686.20	**−10,755,053.27**	**−23,271,906.32**
Operating Results		**2,478,925.37**	**2,471,138.31**	**6,434,564.48**
Financial Results	4.8.	−32,452.29	−72,539.01	−127,804.74
Results before Income Taxes		**2,446,473.08**	**2,398,599.30**	**6,306,759.74**
Income Taxes	4.9.	−819,026.46	−768,683.71	−1,835,700.67
Net Income for Period		**1,627,446.62**	**1,629,915.59**	**4,471,059.07**
Profits Carried Forward		7,668,767.60	4,092,708.53	4,092,708.53
Consolidated Net Profits		**9,296,214.22**	**5,722,624.12**	**8,563,767.60**
Non-Diluted Earnings per Share (EUR/share)	4.10.	**0.91**	**0.98**	**2.68**

Consolidated Results Accounts

on 30 June 2011

EUR	30.6.2011 (not audited)	30.6.2010 (not audited)	31.12.2010 (audited)
Consolidated annual net income	**1,627,446.62**	**1,629,915.59**	**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	**1,627,446.62**	**1,629,915.59**	**4,344,821.88**
Allocation of total results to the owners of the parent company	**1,627,446.62**	**1,629,915.59**	**4,344,821.88**

Statement of Changes in Equity

on 30 June 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**
Dividend Payments	0.00	0.00	0.00	−1,665,000.00	−1,665,000.00
Consolidated Net Income for the Halfyear	0.00	0.00	0.00	1,629,915.59	1,629,915.59
Figures on 30 June 2010	**1,665,000.00**	**7,845,779.92**	**31,095.02**	**5,722,624.12**	**15,264,499.06**
Net Income from 1 July until 31 December 2010	0.00	0.00	0.00	2,841,143.48	2,841,143.48
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**
Stock Option Program	0.00	102,563.00	0.00	0.00	102,563.00
Dividend Payments	0.00	0.00	0.00	−895,000.00	−895,000.00
Net Income for Period	0.00	0.00	0.00	1,627,446.62	1,627,446.62
Figures on 30 June 2011	**1,790,000.00**	**14,049,669.73**	**31,095.02**	**9,296,214.22**	**25,166,978.97**

Consolidated Cash Flow Statement

on 30 June 2011

Cash Flows from Operating Business

K EUR	Notes No.	30.6.2011 (not audited)	30.6.2010 (not audited)	31.12.2010 (audited)
Cash Flows from Operating Business				
Consolidated net profit		1,627	1,630	4,471
Income Taxes Affecting Results		819	769	1,836
Stock Option Program (non-cash expenses)		103	–	102
Correction in Tax Expenditure		–	–	52
Interest Income/Expenses Affecting Results		32	73	128
Profit/Loss from the Sale or Disposal of Property, Plant and Equipment		−1	5	5
Reversals of Deferred Public Sector Subsidies		−32	−59	−65
Write-Downs Recognized for Receivables		2	42	200
Write-Ups Recognized for Receivables		−198	0	−286
Amortization/Depreciation		878	747	1,548
Other Non-Cash Income and Expenditure		–	–	–
		3,230	**3,207**	**7,991**
Changes in Net Current Assets				
Changes in Trade Accounts Receivable and Other Receivables		7,213	−4,325	−8,457
Changes in Inventories		–	−102	–
Changes in Trade Accounts Payable and Other Liabilities		−871	−422	1,007
Changes in Initial Payments Received		−3,310	2,732	4,248
Changes in Provisions		1	−73	−104
Influx of Cash Provided by Operating Business		**6,263**	**1,017**	**4,685**
Interest Payments Received		43	85	41
Interest Paid		−131	−158	−298
Income Taxes Paid		−17	−237	−2,760
Net Cash Flow Provided by Operating Business (Transfer)		**6,158**	**707**	**1,668**

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

K EUR	Notes No.	30.6.2011 (not audited)	30.6.2010 (not audited)	31.12.2010 (audited)
Transfer (Net Cash Flow Provided by Operating Business)		**6,158**	**707**	**1,668**
Cash Flow from Investment Activities				
Payments for Property, Plant and Equipment and Non-Current Assets		−1,182	−1,180	−2,980
Proceeds from disposals of fixed assets		1	4	4
Investment Subsidies Used		28	–	411
Disbursed Loans		−129	−76	−144
Net Cash Outflow for Investment Activities		**−1,282**	**−1,252**	**−2,709**
Cash Flow from Financing Activities				
Dividend Payments		−895	−1,665	−1,665
Incoming Payments from Allocations of Equity Capital		–	–	6,250
Loans Taken Out		–	–	–
Repayment Installments for Loans		−370	−370	−741
Net Income in Cash and Cash Equivalents from Financing Activities		**−1,265**	**−2,035**	**3,844**
Net Income in Cash and Cash Equivalents		**3,611**	**−2,580**	**2,803**
Cash and Cash Equivalents at the Beginning of the Fiscal Year	5.	13,442	10,637	10,637
Impact of Changes in Exchange Rates on Cash and Cash Equivalents		2	0	2
Cash and Cash Equivalents at the end of the accounting year	**5.**	**17,055**	**8,057**	**13,442**
Limited Available Funds	3.7.	20	2,010	10

20K euros were pledged as collateral for a guarantee as part of the rental contract from business premises for the GK SOFTWARE AG branch in Berlin at balance sheet date as of 30 June 2011.

Notes on the Consolidated Accounts

for Fiscal on 30 June 2011

1. Principles of Reporting

1.1. General Information

GK SOFTWARE AG is a joint-stock company based in Germany. The address of the registered headquarters and head office for business operations is Waldstrasse 7, 08261 Schöneck.

GK SOFTWARE AG is registered in the Commercial Register at Chemnitz Local Court under reference number HRB 19157.

The group's business involves the development and production and sales and trade in software and hardware. The group has developed from being an exclusively project-oriented to a product-oriented provider during the past few years.

The group manages its capital – which not only includes equity capital but all accounts receivable and accounts payable – with the aim of guaranteeing the group's ability to service its loans and debts and provide sufficient liquidity to maintain collateral for investment projects at all times. As a result, the group attaches the greatest priority to maintaining capital reserves.

These goals are monitored by tracking financial indicators (e.g. the current liquidity balance, net debts, capital turnover speed) for the target corridors. The aim of maintaining adequate capital is supported by investing cash and cash equivalents in a non-risk manner and derived financial instruments are only used to the extent that they are needed to provide collateral for actual business deals.

The consolidated group's major customers include:

- EDEKA Zentralhandelsgesellschaft mbH
- Coop Group
- Galeria Kaufhof GmbH
- HORNBACH-Baumarkt-AG
- Lidl
- Netto Marken-Discount AG & Co. KG
- Parfümerie Douglas GmbH
- SAP AG
- Tchibo GmbH
- Telekom Shop Vertriebsgesellschaft GmbH
- Thalia Group
- X5 Retailgroup

1.2. Principles of Presentation

The interim consolidated accounts at GK SOFTWARE have been presented according to the International Financial Reporting Standards (IFRS) as they are used in the European Union (EU) and according to the additional regulations that need to be taken into consideration according to Section 315a Paragraph 1 of the German Commercial Code. The regulations in Section 37w of the German Securities Trading Act have also been taken into account in the presentation. The accounts for GK SOFTWARE AG and its subsidiaries are also included in the consolidated accounts, taking into consideration the approach and assessment methods that consistently apply to the Group.

Group accounts were first presented in line with IFRS on 31 December 2005.

The group accounts are presented in euros.

The breakdown of the balance sheet according to IFRS has been made according to the duration of the individual balance sheet items.

The two-statement approach (IAS 1.80(b)) has been selected for the overall financial statement. The group income statement is presented according to the total cost method of accounting.

GK SOFTWARE AG generally accounts for trade accounts receivable and accounts payable as current items on the balance sheet. Pension obligations are shown as non-current liabilities in line with their character.

Claims and liabilities for deferred taxes are shown as non-current items.

1.3. Consolidated Companies

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

The consolidated companies not only include the parent companyas well as SQ IT-Services GmH and 1. Waldstraße GmH (both being fully owned subsidiaries of GK SOFTWARE AG) but also three companies based abroad (EUROSOFTWARE s.r.o., Plzen/Czech Republic, StoreWeaver GmbH, Riehen/Switzerland, GK Software RUS GmbH/Russia and GK Soft GmbH, Zurich/Switzerland). StoreWeaver GmbH, Riehen/Switzerland, and GK Soft GmbH, Zurich/ Switzerland, were set up in 2008. SQ IT-Services GmbH, Schöneck, which was set up to coincide with the acquisition of the operating business of Solquest GmbH, and 1. Waldstraße GmbH, Schöneck, which was founded in preparation for the launch of new business activities, were first included in the consolidated companies for the first time in 2009. GK Software RUS GmbH, which is used as a tool to handle the business activities carried out in the Russian Federation, was founded in 2011. All the businesses in the consolidated companies are exclusively owned by GK SOFTWARE AG.

1.4. Principles of Consolidation

The annual accounts for the subsidiaries are prepared according to the same unified balance sheet and assessment methods as are the annual accounts for the parent company. Any possible differences that emerge in the balance sheet and assessment methods are unified by relevant adjustments to the balance sheet and assessment principles for the parent company.

In the case of mergers according to IFRS, the capital consolidation is based on the method of acquisition. The acquisition costs of the holdings are offset against the balance of the assets and liabilities acquired at their fair value at the time of acquisition.

The identifiable assets and liabilities are completely entered at their fair values (taking into consideration deferred taxes) at the time of acquisition. The balance of the remaining assetsside difference is shown as goodwill. Any remaining liabilities-side difference is entered directly and affects the results. In the periods following the corporate merger, the disclosed hidden assets and hidden liabilities are continued, depreciated or written off in line with the treatment of the corresponding assets.

Initial consolidation takes place with effect from the day on which GK SOFTWARE AG has a controlling holding with regard to the subsidiary, either directly or indirectly. Inclusion ends at the time when the control of the subsidiary passes to a company outside the group.

Internal profits and losses within the group, sales, expenditure and earnings or the accounts receivable and payable, which exist between the consolidated companies, have been eliminated. The effects on taxes on profits have been taken into account in the consolidation procedures that affect the results and deferred taxes have been taken into consideration.

1.5 Currency Conversion

The consolidated interim accounts have been presented in euros, the functional currency and the currency that the group uses in presentations. Each company within the group establishes its own functional currency. The items included in the annual accounts for each company are assessed using this functional currency. Foreign currency transactions are initially converted at the spot rate that is valid on the day of the business transaction between the functional currency and the foreign currency. Monetary assets and liabilities in a foreign currency are converted to the functional currency at the rate that applies on the balance sheet date.

The effect of any gains and losses arising from currency transactions on corporate results has been shown under other operating earnings or expenditure.

2. Balance Sheet and Assessment Principles

2.1. General remarks

Balance sheet and assessment methods generally confirm with methods applied to prepare the annual statement and consolidated accounts of financial 2010. Remarks are made in the following on topics of special importance.

2.2. Revenue Recognition

Sales revenues are evaluated at their fair value of the equivalent received or to be received and are reduced by expected customer returns, discounts and other similar deductions.

2.2.1. Sale of Goods

Sales revenues from the sale of goods are entered, if the following conditions have been met:

The group has transferred the major risks and opportunities from the ownership of the goods to the purchaser.

The group neither retains an ongoing right of disposal, such as is usually connected to ownership, nor does it have any effective power of disposal over the sold goods and products.

The amount of sales revenues can be reliably determined.

It is probable that the economic benefits from the business transaction will flow to the company and

the expenditure incurred or still being incurred in connection with the sale can be reliably determined.

2.2.2. Providing Services

Revenues from service contracts are entered according to the degree to which they have been completed. In more detail, revenue recognition takes place as follows:

Revenues from licenses:
Revenue recognition takes place at the time that the productive till system or a functioning software solution is handed over to a customer.

Revenues from services (customizing) and revenues from adjustments outside the contractually agreed service (change request):
The revenue recognition in principle takes place at the time when the agreed services are handed over to or accepted by the customer. As acceptance procedure times may be too far removed from each other on account of new project structures, the services are assessed according to IAS 18.20 in conjunction with IAS 18.26 in order to guarantee that the revenue recognition meets the IFRS standards. In the case of the services business where the results cannot be reliably assessed – particularly in the case of those where the degree of completion is difficult to determine – we have only entered this item if the repayment of the costs that have been incurred is expected (IAS 18.26). In the case of those projects, where the result can be reliably assessed (IAS 18.20), the revenues are entered according to the degree of completion. Both the level of revenues, the amount of costs that have been incurred in the business and the overall expected costs of the business can be reliably determined. It is also probable that the economic benefits will accrue to the advantage of the company.

The degree of completion is determined according to the valuation of the work that has been performed and – before valuation date or between two valuation dates – according to the actual work that has been performed and the planned work needed to complete the job until the next valuation date. The amount for the revenues acquired for work performed results from the total value of the contract that has been agreed for the work performed until the next valuation date or – if prior to the first valuation date or between two valuation dates – the ratio of the actual work that has been performed to the total work that has been planned for the reporting date, i.e. a share of the total value of the contract for the work performed before the next valuation date.

Revenues from servicing work:
Revenues from servicing work are included in the accounts at the contractually agreed rates for the number of hours that have been worked and any costs that have been directly incurred on a monthly basis. If there is no direct reference to specific work performed and payments are made for servicing work beyond the period of one month, revenue recognition takes place at a monthly pro rata rate.

2.3. Management Estimates and Appraisals

In preparing the interim statements, assumptions have to be made to a certain degree and estimates are made, which have an effect on the level and statements of assets and liabilities or earnings and expenditure on the balance sheet. The assumptions and estimates largely relate to an assessment of the intrinsic value of intangible assets, a unified definition of the economic serviceable life of property, plant and equipment and the accounting procedures and assessment of provisions. The assumptions and estimates are based on premises, which in turn are founded on the level of awareness that is available at the current time. Particularly with regard to the expected future business development, the circumstances that exist at the time when the net income for the period is prepared and a realistic assessment of the future development of the global and sector-based business environment form the basis of the estimates. The amounts that have been entered may deviate from the originally expected estimated values as a result of developments in these general conditions, which differ from the assumptions and lie beyond the sphere of influence of management. If actual developments differ from those that are expected, the premises and, if necessary, the carrying amounts of the assets and liabilities that are affected will be adjusted accordingly. At the time when the interim statements were prepared, the assumptions and estimates on which they were based were not subject to any major risks, so that management assumes that no major adjustment of the carrying amounts of the assets and liabilities indicated on the balance sheet will be necessary in the following fiscal year from the current point of view.

Major sources of uncertainties
The following text indicates the most important assumptions made with regard to the future and the other major sources of uncertainty regarding estimates on the balance sheet date. A major risk could arise as a result of these and mean that a major adjustment to the assets and liabilities recorded here would be necessary.

Intrinsic value of intangible assets developed in-house
Management once again assessed the intrinsic value of the intangible assets developed in-house as a result of the group's development of software. These intangible assets have been taken into account at a value of 2,133K euros on the consolidated balance sheet dated 30 June 2010.

The progress made in projects has continued to be very satisfactory and customer response has confirmed the previous estimates that management made regarding expected revenues. However, management is continuing to check its assumptions regarding future market shares and expected profit margins for its product. These checks have created a situation where the carrying amount of this asset has been recognized at its full rate despite the possibility of lower revenues. The situation is being carefully monitored and, should the market situation demand it, adjustments will be made in subsequent fiscal years, if this is appropriate.

Intrinsic value of goodwill
As a result of the acquisition of the operating business of Solquest GmbH by SQ IT-Services GmbH, the group has entered an intangible asset worth 6.403K euros as goodwill in fiscal 2009. The intrinsic value of the goodwill is checked every year and this last took place as at 31 December 2010. There were no indications that the expected and achievable influx of funds from the unit

generating cash and cash equivalents being assigned to this goodwill figure might fall below the carrying amount of the goodwill. During the reporting period, no events were recorded that would make it necessary to re-assess the intrinsic value of the goodwill prior to the regular check.

Intrinsic value of accounts receivable from ongoing work

Assets entered due to revenue recognition in accordance with IAS 18.20 and IAS 18.26 sum up to accounts receivable from ongoing work worth 2,340K euros. Thesse are subject to continuing project monitoring as regards their intrinsic value. The course of the projects concerned largely matches the planning work and even the opportunity arising from recognition difficulties has not created a situation where an adjustment of the intrinsic value of accounts receivable from ongoing work needs to be made.

Intrinsic value of customer base

As a result of the acquisition of the operating business of Solquest GmbH by SQ IT-Services GmbH, the group has entered an intangible asset worth 777K euros under customer base for the very first time. The depreciation of the customer base takes place in a performance-related way and has been entered as 397K euros on the balance sheet date. There were no indications of a need to correct the value beyond this figure.

Other sources of uncertainty regarding estimates exist with regard to the useful serviceable life of assets, the assessment of the intrinsic value of trade accounts receivable and the assessment of the need to make provisions.

3. Notes on the Consolidated Balance Sheet

3.1. Property, Plant and Equipment

EUR	Real estate and buildings	Technical equipment and machines	Operating and business equipment	Initial payments made and facilities under construction	Total
Purchasing or production costs					
Figures on 1 January 2011	4,012,340.69	0.00	1,872,889.02	0.00	5,885,229.71
Accruals	25,396.27	0.00	344,228.90	12,839.07	382,464.24
Disposals	0.00	0.00	8,952.41	0.00	8,952.41
Transfers	0.00	0.00	0.00	0.00	0.00
Figures on 30. Juni 2011	**4,037,736.96**	**0.00**	**2,226,070.33**	**12,839.07**	**6,276,646.36**
Accumulated depreciation					
Figures on 1 January 2011	557,380.32	0.00	1,278,288.84	0.00	1,835,669.16
Accruals	64,669.80	0.00	240,103.84	0.00	304,773.64
Disposals	0.00	0.00	8,952.41	0.00	8,952.41
Transfers	0.00	0.00	0.00	0.00	0.00
Figures on 30. Juni 2011	**622,050.12**	**0.00**	**1,527,345.09**	**0.00**	**2,149,395.21**
Carrying amounts on 30 June 2011	**3,415,686.84**	**0.00**	**698,725.24**	**12,839.07**	**4,127,251.15**

3.2. Intangible Assets

EUR	Capitalized development costs	Industrial property rights and similar rights and values	Goodwill	Customer relations	Total
Purchasing or production costs					
Figures on 1 January 2011	3,958,265.87	830,936.06	6,402,785.24	777,000.00	11,968,987.17
Accruals	689,147.92	110,045.71	0.00	0.00	799,193.63
Disposals					
Figures on 30 June 2011	**4,647,413.79**	**940,981.77**	**6,402,785.24**	**777,000.00**	**12,768,180.80**
Accumulated depreciation					
Figures on 1 January 2010	2,104,951.06	435,837.46	0.00	312,064.00	2,852,852.52
Accruals	409,568.68	95,806.65	0.00	67,584.00	572,959.33
Disposals	0.00	0.00	0.00	0.00	0.00
Figures on 30 June 2011	**2,514,519.74**	**531,644.11**	**0.00**	**379,648.00**	**3,425,811.85**
Carrying amounts on 30 June 2011	**2,132,894.05**	**409,337.66**	**6,402,785.24**	**397,352.00**	**9,342,368.95**

The capitalized development costs are depreciated according to plan in a linear fashion over an estimated serviceable life of five years. The depreciation starts in the year of capitalization with the pro rata amount.

The goodwill involves the acquisition of the operating business of Solquest GmbH. The attainable amount was determined using the value in use. A detailed sales and costs plan for the unit generating cash and cash equivalents is drawn up annually to assess the intrinsic value of the carrying amount of the goodwill and the resulting flow of cash and cash equivalents was determined from this. If indications exist, that the discounted cash-flow does not cover the carrying amount, the sales and cost plan will be checked. On reporting date as well as in the period needed to prepare this statement, such indications did not exist.

3.3. Trade Accounts Receivable

The trade accounts receivable have a term of less than one year. The carrying amounts of the trade accounts receivable match their fair values. The total write-downs amount to 166K euros in all (219K euros in financial 2010). The write-downs have been entered under other operating expenditure.

Included are accounts receivable in a foreign currency (Czech Crowns) amounting to 10K euros (10K euros in financial 2009).

3.4. Accounts Receivable from Ongoing Work

Customer orders for which sales revenues have been recognized according to IAS 18.20 or according to IAS 18.26 in connection with IAS 18.20, have to be shown as an asset if the sum of costs plus entered profits minus entered losses and partial billings is positive.

This asset amounts to 2,340K euros on the reporting date

3.5. Other Accounts Receivable and Assets

EUR	30.6.2011	31.12.2010
Loans paid to third parties	2,677,729.80	2,536,114.33
Tax credit claims	250,296.00	684,000.72
Accounts receivable from members of the Management Board	19,141.14	13,472.18
Others	487,120.51	324,598.07
Total	**3,434,287.45**	**3,558,185.30**

The accounts receivable with Members of the Management Board concern advance payments to cover costs incurred by them.

Other accounts receivable include receivables amounting to 510K euros denominated in Czech Crowns (financial 2009: 139K euros).

3.6. Cash and Cash Equivalents

Cash and cash equivalents are entered at their nominal value. The item contains cash holdings and current bank deposits with terms of less than three months. Bank credits amounting to 2,000K euros was pledged as part of rent collateral with the bank providing the guarantee.

3.7. Equity Capital

We refer you to the equity change accounting for more information on changes to the equity at GK SOFTWARE AG on 30 June 2011.

The company's share capital amounted to 1,790,000.00 euros at the start of 2011 and was divided into 1,790,000 individual share certificates. No changes to the share capital took place, so that the share capital was still 1,790,000.00 euros on 30 June 2011 and was divided into 1,790,000 individual share certificates with a nominal value of 1.00 euro in the equity capital.

No shares were owned by GK SOFTWARE AG on the balance sheet date.

The following decisions were taken at the company's annual shareholders' meeting on 15 May 2008 and they could change the structure of the company's equity:

Establishment of authorized capital. The management board was empowered, with the agreement of the supervisory board, to increase the company's share capital from the period 15 May 2008 until 14 May 2013 on a single occasion or on several occasions, in order to reach a figure of 625,000 euros by issuing up to 625,000 new ordinary shares without any nominal value (individual share certificates) in return for cash deposits or contributions in kind (authorized capital). By partially making use of this authorization, an increase in share capital of EUR 125,000.00 was exercised in December 2010 by issuing 125,000 new individual share certificates without any nominal value in the name of the holder. This increase was entered in the German Commercial Register on 23 December 2010. The authorized capital now amounts to EUR 500,000.00.

Conditional capital. The management board with the agreement of the supervisory board was empowered until 14 May 2013 to grant purchasing options on up to 37,000 individual share certificates on a single occasion or on several to members of the management board and managers of companies where GK SOFTWARE AG has a direct or indirect majority holding ("associated companies") and managers of the company and their associated companies as part of a share option program that still has to be developed. The Management Board made use of this authorization for the first time during fiscal 2010 and issued 12,300 share options in total to employees within the Group.

The revenue reserves item not only contains the adjustment to the legal provisions, but also differences in amounts due to the initial switch to IFRS.

Dividend payments amounting to 895,000.00 euros were made during the reporting period – i.e. 0.50 euros per share.

3.8. Provisions for Pensions

Actuarial profits and losses are amortized immediately.

In the income statement, the current service costs are entered under expenditure for pension schemes, the interest expenditure in the financial results and the revenues from re-insurance policies under other operating revenues. The assumptions from fiscal 2010 have been adopted in the same way on the balance sheet date as of 30 June 2011.

The pension commitment is invested as a life-time fixed old-age pension, which is paid when a member of staff retires from the company on reaching the age of 65. A contingent right to a widow's pension amounting to 60 percent of the old-age pension exists if the member of staff suffers invalidity or dies.

The calculations are based on the following assumptions:

Pensionable age (m/f)	65/65
Actuarial interest rate / discount on 1 January 2011	5.00 % p.a.
Actuarial interest rate / discount on 1 June 2011/31 December 2011	5.00% p.a.
Salary development / rate of benefit increase	0.00% p.a.
Rate of pension increase	1.50% p.a.
Expected yield from the plan assets	4.30% p.a.
Probability of fluctuation	none

The assets in question here are 100 percent insurance policies. The returns from the insurance companies are therefore used.

The calculations are based on the "2005 G Guideline Tables" published by Klaus Heubeck. The expected yields from the plan assets are exclusively achieved by insurance policies. The expected yields of the insurance company are used for the calculation work. The plan assets exclusively consist of re-insurance policies.

A reconciled financial statement of the opening and final balances of the cash value of the defined benefit obligations with the reasons for changes provides the following picture:

EUR	H1 2011	2010
Account balance on 1 January:	437,024	131,606
+ Interest expenditure	+10,925	+7,499
+ Working Period Costs	+10,602	+6,684
+ Working period costs to be additionally calculated	0	+187,231
– Actuarial Profits	−1,751	0
+ Actuarial Losses	0	+104,004
Account balance on 30 June:	456,800	437,024

The development of the plan assets is shown as follows:

EUR	H1 2011	2010
Plan assets on 1 January:	101,054	86,544
+ Expected Yields from Plan Assets	+2,219	+3,905
+ Contributions	+4,272	+8,544
– Actuarial Losses	−2,082	0
+ Actuarial Profits	0	+2,061
Balance on 30 June:	105,463	101,054

It is therefore clear that a sum amounting to 351,337 euros (2010: 335,970 euros) in the plan is not financed by a fund.

The items that have been entered, which affect the commitment to pension payments during the year under review, are divided as follows:

EUR	H1 2011	2010
Current Service Costs	10,602	6,684
Interest Costs	10,925	7,499
Expected Yields from Plan Assets	2,219	3,905
Actuarial Profits and Losses	−1,751	104,004

All the items have been entered under "Expenditure for Old-Age Pensions."

The cash value of the defined benefit obligation is only distinguished by the amount of actuarial profits, which have not yet been entered on the balance sheet.

EUR	H1 2011	2010
Cash Value of the Defined Benefit Obligation	456,800	437,024
– Account Balance of the Actuarial Change in Results	–351,337	–335,970
Fair Value of the Plan Assets	105,463	101,054

The cash value of the defined benefit obligation and the fair value of the plan assets have developed as follows:

EUR	Cash value of the defined benefit obligation	Fair value of the plan assets
H1 2011	456,800	105,463
2010	437,024	101,054
2009	131,606	86,544
2008	126,520	77,801
2007	122,331	69,340
2006	126,300	61,215

The adjustments based on experience can be represented as follows during the last five years:

EUR	Liabilities of the plan	Assets of the plan
H1 2011	1,751	2,082
2010	–42,275	–2,061
2009	2,666	3,330
2008	9,433	3,065
2007	2,369	3,112
2006	2,453	3,317

We assume that contributions amounting to 8,544 euros will be paid into the plan during 2011. The actual revenues from the planned assets during the period under review amounted to 137 euros following a figure of 5,966 euros in the previous year.

3.9. Non-Current Bank Liabilities

Two investments loans (original amounts: 750K euros and 450K euros) were taken out with the Commerzbank AG Plauen in financial 2007. The company also took over a loan (original amount: 225K euros) from Gläß & Kronmüller OHG, Schöneck in the course of the merger onto GK SOFTWARE AG. This loan was rescheduled during financial 2010 and amounted to 149K euros on 30 June 2011. The two other loans were valued at 810K euros on the balance sheet date. Two other loans were taken out during financial 2010 as a result of the new extension building and the acquisition of the busines operations of Solquest (DZ Bank 748K euros and KfW Bank 5,000K euros). These loans were valued at 4,654.3K euros on 30 June 2011 with their non-current share (due date after 30 June 2011).

3.10. Public Sector Subsidies Charges to Subsequent Accounting Years

This item concerns investment subsidies subject to tax from the Free State of Saxony (provided by the Sächsische AufbauBank) as part of its regional business stimulus program and investment grants that are not subject to tax.

The amortization of the subsidies and grants takes place in a linear fashion over the serviceable life of the assets that have been supported by public funds.

3.11. Deferred Taxes

Please refer to section 4.9.

3.12. Current Provisions

EUR	Human resources department	Production department	Other departments	Total
Figures on 1 January 2011	178,689.75	260,600.93	145,932.97	585,223.65
Amounts used	−178,622.04	–	−55,800.00	−234,422.04
Amortization	−67.71	–	–	−67.71
New funds	89,562.50	93,774.07	36,909.66	220,246.23
Figures on 30 June 2011	**89,562.50**	**354,375.00**	**127,042.63**	**570,980.13**

The current provisions in the human resources department primarily concern severance packages, mainly guarantees in the production department and primarily onerous contracts in the other departments.

The calculations for warranty provisions are based on warranty costs in the past and estimates regarding future costs.

3.13. Trade Accounts Payable

Accounts receivable are due within one year.

Accounts payable include payables amounting to −2.4K euros (financial 2010: 15K euros), denominated in Czech Crowns.

3.14. Initial Payments Received

The initial payments received have a term of less than one year. The company did not have any initial payments received in foreign currencies on the balance sheet date.

3.15. Income Tax Liabilities

This item contains the expected additional payments with regard to corporation tax, the solidarity surcharge and business tax in Germany and the Czech Republic for the year under review.

3.16. Other Current Liabilities

EUR	30.6.2011	31.12.2010
Tax liabilities	1,095,903.27	1,896,390.42
Liabilities from wages and salaries	1,631,869.56	1,366,798.38
Other liabilities from personal expenses (bonuses, holiday)	10,505.63	14,490.14
Others	671,487.36	837,015.42
Total	**3,409,765.82**	**4,114,694.36**

The tax liabilities cover outstanding income tax payments and sales tax.

Other liabilities include liabilities amounting to 236K euros (276K euros in financial 2010).

3.17. Secured Liabilities

Two investment loans were taken out with the Commerzbank AG Plauen in fiscal 2007. The loans are secured by the registered land charges on the company's real estate, recorded in the land register for Schöneck, Plauen Local Court, Page 1895. The company also assigned its accounts receivable from goods deliveries and services against third party debtors by means of a blanket assignment in order to provide collateral, with the exception of the accounts receivable in connection with the “Lunar” project. Three other loans were taken out (DZ Bank, KfW Bank) during fiscal 2010 as a result of the extension of the new building, the above mentioned rescheduling and the acquisition of Solquest. Land register debts were entered in the land register for Schöneck, Plauen Local Court, Pages 999, 1378 and 1895 as collateral for the DZ Bank loan. The future accounts receivable from the “Lunar” project were assigned in an undisclosed manner in order to provide collateral with the KfW Bank.

4. Notes on the Consolidated Income Statement

4.1. Sales Revenues

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

During the six months of business, sales amounting to 162K euros (which is the balance on the assets side) were entered as sales, which are determined according to IAS 18.29 in conjunction with IAS 11 (customized software). The process of determining the sales revenues takes place in line with the degree of completion and the volume of the order. The degree of completion is determined ac-cording to 2.2.2. Costs amounting to 100K euros (62K euros in profit) have been incurred so far. Advance payments amounting to 0K euros were made by customers. Sales revenues amounting to 2,340K euros were also achieved during the reporting period for sales determined according to IAS 18.27.

All included contracts have active balances and are hence include assets in “Accounts payable from ongoing work” (please, cf. to Sec. 3.4.)

We refer to Sec. 6 “Segment Reporting” for the composition of the important categories of revenue. Guarantee provisions amounting to 354K euros exist for these revenues.

4.2. Own Work Capitalized

Own work capitalized comprises the capitalized production costs for development work on the software that is produced in-house. Direct and indirect cost ratios are included in the production costs.

4.3. Other Operating Revenues

EUR	30.6.2011	30.6.2010
Write-ups of receivables written down	178.39	0.00
Revenues from reducing the flat-rate value adjustment	53,200.00	0.00
Earnings from investment grants	3,353.94	3,353.94
Earnings from reversals of deferred public grants	25,387.31	13,801.98
Reversals of provisions	2,986.38	41,494.44
Expense allowances	–	–
Vehicle use	162,222.25	134,297.09
Employee contributions towards food allowances	24,319.05	17,974.97
Earnings from other periods	0.00	10,923.52
Others	272,875.48	191,938.25
Total	**544,522.80**	**413,784.19**

4.4. Materials Expenditure

EUR	30.6.2011	30.6.2010
Expenditure on raw materials, consumables and supplies and goods purchased	101,758.24	289,057.57
Expenditure on purchased services	620,988.58	294,517.86
Total	**722,746.82**	**583,575.43**

4.5. Human Resources Expenditure

EUR	30.6.2011	30.6.2010
Wages and salaries	7,435,891.41	5,953,799.13
Social security contributions	1,480,641.57	933,343.58
Expenditure on retirement benefits	65,717.37	35,183.47
Total	**8,916,532.98**	**6,922,326.18**

On average, 378 people were employed during the first half of financial 2011. On 30 June 2010 the average amount of people employed was 305. 403 people were employed as of 30 June 2011.

4.6. Depreciation and Amortization

This item exclusively covers scheduled depreciation on property, plant and equipment and the amortization of intangible assets.

4.7. Other Operating Expenditure

This item largely covers legal and advisory costs, advertising and travel expenses, office and operating costs or administrative and sales expenditure.

4.8. Financial Results

EUR	30.6.2011	30.6.2010
Interest income	110,199.59	85,264.57
Interest expenditure	−142,651.88	−157,640.25
Dividend payments due to profit transfer agreements	–	−163.33
Total	**−32,452.29**	**−72,539.01**

4.9. Income Taxes

EUR	30.6.2011	30.6.2010
Current tax liabilities	762,517.19	329,441.29
Deferred tax liabilities	56,509.27	439,242.42
Total	**819,026.46**	**768,683.71**

The deferred taxes were based on a tax rate of 29.1 percent for Germany and 24.0 percent for the Czech Republic.

The deferred taxes are included in the following items:

EUR	30.6.2011 Assets	30.6.2011 Liabilities	31.12.2010 Assets	31.12.2010 Liabilities
Intangible assets	0.00	1,456.50	0.00	1,456.50
Provisions for pensions	102,929.02	5,521.59	77,292.60	0.00
Warranty reserves	3,033.28	0.00	0.00	3,033.28
Intangible assets / in-house developed software	2,299.00	888,337.04	0.00	734,070.60
Acquired intangible assets through purchasing Solquest (goodwill and customer relations)	390,523.71	0.00	390,523.71	0.00
Inventories / Accounts receivable from ongoing work	6,871.49	47,831.46	60,783.63	170,900.66
Total according to balance sheet	**505,656.50**	**943,146.59**	**528,599.94**	**909,461.04**

Deferred tax claims / liabilities result from:

EUR	30.6.2011 Initial balance	30.6.2011 Recognized as earnings	30.6.2011 Final balance	31.12.2010 Initial balance	31.12.2010 Recognized as earnings	31.12.2010 Final balance
Fixed assets	−1,456.50	0.00	−1,456.50	0.00	−1,456.50	−1,456.50
Provisions for pensions	77,292.60	20,114.83	97,407.43	1,159.08	76,133.52	77,292.60
Warranty reserves	−3,033.28	6,066.56	3,033.28	0.00	−3,033.28	−3,033.28
Intangible assets / in-house developed software	−734,070.60	−151,967.44	−886,038.04	−567,812.07	−166,258.53	−734,070.60
Intangible assets acquired through the Solquest purchase (goodwill and customer relations)	390,523.71	0.00	390,523.71	351,269.00	39,254.71	390,523.71
Inventories / Accounts receivable from ongoing work	−110,117.04	69,276.78	−40,840.26	37,286.40	−147,403.44	−110,117.04
Total	**−380,861.11**	**−56,509.27**	**−437,370.38**	**−178,097.59**	**−202,763.52**	**−380,861.11**

Tax expenditure for the reporting period can be transferred to the profits for the period in the following way:

Transfer of tax expenditure/EUR	30.6.2011	30.6.2010
Pre-tax earnings	2,446,473.08	2,398,599.30
Anticipated tax expenditure 29.1%	711,923.67	697,992.40
Tax impact on non-deductible company spending	0.00	0.00
Tax impact on tax-free income	0.00	0.00
Other tax effects	107,102.79	70,691.31
Actual tax expenditure	**819,026.46**	**768,683.71**
Effective tax rate	**33.5%**	**32.0%**

4.10. Earnings per Share

The earnings per share are determined as a quotient from the consolidated results for the period and the weighted average number of shares in circulation during the reporting period. The average number of shares in circulation during the first six months of 2011 was 1,790,000 (1,665,000 during the first half of 2010). The consolidated net income for the period was 1,627K euros. As a result, this provides earning per share of EUR 0.91 (EUR 0.98 in the first half of 2010). The results in the first half of 2011 have been diluted to EUR 0.91 by the share option program and therefore correspond to the undiluted earnings per share. 12,300 share options had been granted on 30 June 2011 as part of the employee stock option program.

4.11. Use of Profits

The main shareholders' meeting in 2011 approved the supervisorry and management boards' suggestion to pay a dividend EUR 0.50 should be paid out from the balance sheet profits at GK SOFTWARE AG, which have been determined according to the principles in German trading law. This dividend is made up of a sum amounting to EUR 0.50 per share to mark the extraordinarily good consolidated results in fiscal 2010. As there are 1,790,000 shares in circulation, the company made dividend payments of EUR 895,000.00 to its shareholders.

5. Notes on the Cash Flow Statement

The cash and cash equivalents involve cash in hand and bank balances.

6. Segment Reporting

The GK group offers the market two software-suites, serving different market demands.On the one hand, GK/Retail is on offer, on the other hand the SQRS suite, purchased from Solquest GmbH is provided. The economic development of either solution is recorded and reported separately. The key performance indicators are the segment sales with third parties and the total operating performance of a segment and its earning power, which is determined on the basis of the results for financial yields and income taxes (EBIT).

The group sells its GK/Retail and Solquest Retail Solutions (SQRS) products within a licensing framework and provides introductory and adjustment services and services related to servicing these products. The company also sells hardware for store IT solutions to a limited degree, but this is manufactured by third parties. The subdivision of sales according to fields of work is part of the reporting process.

A subdivision of sales in terms of products and fields of work provides the following general view.

K EUR	GK/Retail H1 2011	GK/Retail H1 2010	GK/Retail GJ 2010	SQRS H1 2011	SQRS H1 2010	SQRS GJ 2010	Eliminations H1 2011	Eliminations H1 2010	Eliminations GJ 2010	Group H1 2011	Group H1 2010	Group GJ 2010
Sales with third parties	**13,278**	**10,711**	**24,380**	**1,167**	**1,758**	**3,310**	**–**	**–**	**–**	**14,445**	**12,469**	**27,690**
Licenses	1,287	2,639	7,981	–	281	296	–	–	–	1,287	2,920	8,277
Servicing work	2,786	2,539	5,461	767	769	1,490	–	–	–	3,553	3,308	6,951
Services	8,700	4,951	10,335	389	654	1,417	–	–	–	9,089	5,605	11,752
Other matters	516	597	631	11	54	119	–	–	–	527	651	750
Revenue reductions	−11	−15	−28	–	–	−12	–	–	–	−11	−15	−40
Sales with the other segment	**1,054**	**798**	**1,615**	**–**	**–**	**–**	**−1,054**	**−395**	**−1,615**	**–**	**–**	**–**
EBIT segment	**2,579**	**2,121**	**5,379**	**−101**	**350**	**1,056**	**–**	**–**	**–**	**2,478**	**2,471**	**6,435**
Assets	**41,161**	**32,592**	**44,309**	**2,756**	**3,704**	**2,861**	**−2,372**	**−1,489**	**−2,365**	**41,545**	**34,807**	**44,805**
Cash and cash equivalents	**15,573**	**6,821**	**11,802**	**1,482**	**1,235**	**1,640**	**–**	**–**	**–**	**17,055**	**8,056**	**13,442**

The decision not to marketing the SQRS solutions in order to keep the group’s product portfolio tight has been kept up.

Work based on servicing contracts, which are determined by the normal segment revenues in their outside markets, were charged between the segments. Administrative work is accounted for on the basis of general service contracts. The amount accounted for corresponds to the original costs of providing the administrative work based on our experience of estimating the time involved.

Sales revenues from customers, which have their corporate headquarters outside Germany, totaled 1,246K euros. The share of sales revenues from the SQRS business sector amounted to 145K euros. In addition, there were sales revenues from customers, which have their corporate headquarters inside Germany, but requested the company to account for services directly with the relevant national companies in the countries receiving those services. These sales revenues totaled 216K euros, but are evaluated as domestic sales on account of the basis of the contractual agreement and are fully assigned to the GK/Retail business segment.

Sales revenues with customers, which have a share in revenues of more than 10 percent, were achieved in first half of fiscal 2011 at a figure of 3,651K euros or 25,3 percent of total sales. These sales concerned the GK/Retail segment.

7. Other Information

7.1. Contingent Liabilities

Contingent liabilities on the one hand present possible obligations, but their existence is only confirmed if one or several uncertain future events actually take place and there is no possibility of exercising complete control over these factors. On the other hand, the term also covers existing obligations, which will probably create no outflow of assets. According to IAS 37, contingent liabilities are not entered on the balance sheet.

There are two contingent liabilities amounting to 20K euros. Both come from pledges of cash equivalents to secure bank guarantees granted Volksbank Vogtland e.G. The guarantee for 20K euros is part of the normal collateral for leasing payments at the Berlin office. The guarantee is secured by the pledging of cash deposits. The Management Board does not expect it to be necessary to make use of the guarantee.

7.2. Operating Leasing Agreements

The operating leasing agreements relate to vehicle leasing arrangements. The payments entered as expenditure for the reporting period the amount of 251K euros.

7.3. Other Financial Obligations

Payment obligations from leasing contracts amount to 817K euros (of which 415K euro are due within a year; payments of another 402K euros are due within five years.

There are no finance/leasing agreements.

7.4. Subsidiaries

Name of the subsidiary	Headquarters	Capital share %	Voting rights share %	Main business
EUROSOFTWARE s.r.o.	Plzen/Czech Republic	100.0	100.0	Software development, software programming
GK Soft GmbH	Zurich/Switzerland	100.0	100.0	Software development, software programming
StoreWeaver GmbH	Riehen/Switzerland	100.0	100.0	Software development, software programming
SQ IT-Services GmbH	Schöneck	100.0	100.0	Software development, software programming
GK Software RUS GmbH	Moskow	100.0	100.0	Software development, software programming
1. Waldstraße GmbH	Schöneck	100.0	100.0	Software development, software programming

All the companies have been fully consolidated in these annual accounts.

7.5. Details of Associated Persons and Corporations

All the transactions with associated persons and corporations are being handled using normal market conditions. Expenditure for write-downs or irrecoverable claims from associated persons and corporations were not necessary or did not exist.

Business deals between GK SOFTWARE AG and its consolidated subsidiaries have been eliminated as part of the consolidation process.

Parent Company

The direct parent company is GK Software Holding GmbH, Schöneck. No other business relations existed during the reporting period.

Management Board

The following people are members of the Management Board:

- Herr Rainer Gläß, Schöneck, CEO, Dipl.-Ingenieur
- Herr Stephan Kronmüller, Schöneck, CTO, Dipl.-Ingenieur
- Herr Ronald Scholz, Rodewisch, COO, Dipl.-Ingenieur
- Herr André Hergert, Hamburg, CFO, Dipl.-Kaufmann

The total earnings of the members of the Management Board on 30 June 2011 amounted to 992K euros.

The members of the Management Board directly held the following shareholdings in GK SOFTWARE AG as of 30 June 2011:

Mr. Rainer Gläß	52,792 shares	2.95%
Mr. Stephan Kronmüller	37,500 shares	2.09%
Mr. Ronald Scholz	20,300 shares	1.13%

Supervisory Board

The following people are members of the Supervisory Board::

- Mr. Uwe Ludwig, Neumorschen, management consultant, Chairman of the Supervisory Board
- Mr. Thomas Bleier, Oelsnitz, businessman
- Mr. Herbert Zinn, Ebersburg, businessman

The total earnings of the Supervisory Board at GK SOFTWARE AG in the reporting period amounted to 0 euro (40K euros in financial 2010).

No agreements exist between members of the Supervisory Board and the company, which envisage severance payments or other benefits for the members of the Supervisory Board when they finish their membership of this body. There are no conflicts of interest between their obligations towards the company and their private interests or other obligations at the moment.

There are no agreements with the company regarding pensions for the members of the Supervisory Board

Loans to associated corporations and persons:

K EUR	30.6.2011	31.12.2010
Loans to members of the Management Board	–	0
Loans to associated companies, which are not part of the consolidated group	1,715	1,597
Other Accounts Receivable Mangement Board	19	13
Total	**1,734**	**1,610**

The loans were granted for an unlimited period and interest of 4 percent or 5 percent p.a. is being charged. Salary claims from Mr. Rainer Gläß and Mr. Stephan Kronmüller to GK SOFTWARE AG serve as collateral for the loans.

7.6. Auditor's Fee

Expenditure amounting to 52K euros is included for consolidated accounts for the reporting period. Other services lead to no expenditures. The fee for tax consultancy services amounted to 31K euros.

7.7. Statement of Compliance

The declaration on the Corporate Governance Code according to Section 161 of the German Stock Companies Act has been submitted and has been published on the company's home page at http://investor.gk-software.com/de-corporate-governance/entsprechenserklarung.

7.8. Authorization of the Annual Accounts

The annual accounts were authorized by the company managers on 25 August 2011 and were released for publication.

Schöneck, 25. August 2011

The Management Board

Assurance by the legal representatives

We guarantee to the best of our knowledge that the consolidated accounts reflect a rea-listic picture of the actual circumstances of the assets, financial and earnings situation at GK SOFTWARE AG in line with the relevant accounting principles and that the group management report reveals the course of business including the business results and the situation within the consolidated group in such a way that they communicate a picture that reflects the true circumstances and describe the main opportunities and risks for ex-pected developments at the company.

Schöneck, 25 August 2011

The Management Board

Rainer Gläß
CEO

Stephan Kronmüller
(CTO)

Ronald Scholz
(COO)

André Hergert
(CFO)

Imprint/Information

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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

Analysts' Conference 2011	22 November 2011
9M Interim Report for 2011	25 November 2011
2011 Annual Report	27 April 2012
Q1 Interim Report for 2012	26 Mai 2012
Annual Shareholders' Meeting in 2012	28 Juni 2012
H1 Interim Report for 2012	30 August 2012
9M Interim Report for 2012	24 November 2012

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