

Interim Report on March, 31

3M
2010



SUMMARY OF CONSOLIDATED RESULTS

	31.3.2010 (not audited)	31.3.2009 (not audited)
Sales (tEUR)	5,752	4,590
Operating performance (tEUR)	5,947	4,475
Total operating revenues (tEUR)	6,172	4,578
EBIT (tEUR)	1,059	864
EBIT margin (on sales)	18.4%	18.9%
EBIT margin (on total operating revenue)	17.2%	18.9%
EBT (tEUR)	1,019	919
Net income for the period (EUR)	732	657
Earnings per share (EUR) ¹	0.44	0.39
Equity ratio	46.5%	63.6%

¹ Based on 1,665,000 shares in circulation

CONTENTS

2 SUMMARY OF CONSOLIDATED RESULTS

3 CONTENTS

4 TO THE SHAREHOLDERS

4 Letter from the Management Board

6 GK SOFTWARE AG Shares

6 *Summary*

6 *Shareholder Structure*

7 *Directors Dealings*

8 BRIEF INTERIM GROUP MANAGEMENT REPORT

8 Economic Report

8 *Business and General Conditions for GK SOFTWARE*

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

12 *Report on Key Events after the End of the First Quarter*

13 Report on Risks and Prospects at GK SOFTWARE

13 *Opportunities and Risks for GK SOFTWARE*

13 *Outlook*

14 CONSOLIDATED ACCOUNTS

14 Consolidated Balance Sheet

14 *Assets*

15 *Liabilities*

16 Consolidated Income Statement

17 Consolidated Cash Flow Statement

17 *Cash Flows from Operating Business*

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

19 Development of Consolidated Equity Capital

20 Notes on the Consolidated Accounts

20 *Principles of Reporting*

24 FINANCIAL CALENDAR

TO THE SHAREHOLDERS

LETTER FROM THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

We are delighted to be able to inform you that the first three months of fiscal 2010 have continued in exactly the same way as our successful year in 2009. We have laid an excellent foundation of achieving another successful business year, having gained three new projects with well-known customers. The fact that two of the new customers are foreign retailers provides impressive confirmation of our strategy to pursue internationalization. We have once again demonstrated by winning a major project with a leading Russian retailer with more than 1,000 stores and our success with MPreis, an important Austrian food retailer, that our software solutions are internationally competitive. The successful completion of the pilot project with Hornbach Baumarkt AG and the order placed as a result of this to equip all its stores in several European countries marks the entry into a new retail sector for our company.

We have also been able to make further positive developments in current projects. JYSK Nordic opened its first pilot markets in China and Bosnia on schedule and others will soon follow them. The switch of our first current projects to the new major version GK/ Retail 12 and the further development of our software for EDEKA are taking place in line with our business goals.

We have created an excellent basis for fiscal 2010 with the outstanding results of the previous business year and the planned further development of our software solutions. In the light of the fact that the retail sector overall has proved to be very stable and a major increase in unemployment has not taken place, we are assuming that we will be able to continue our

growth course during fiscal 2010 too. We are convinced that we have been able to broaden the foundation for this with our efforts to pursue internationalization.

The fact that the former owners released a significant package of shares to institutional investors following the advice of the overseeing bank was particularly important for the development of GK SOFTWARE AG shares. This increased the free float by almost 11%, so that it now accounts for approx. 35% of shares.

The first quarter for GK SOFTWARE AG proceeded in line with our expectations. It was possible to increase sales by more than one quarter from EUR 4.59 million to EUR 5.75 million during the first three months of the year in comparison with the same period in the previous year. Total operating revenues were EUR 6.17 and were approximately 35% above the figure for the same period last year (EUR 4.58 million). Earnings before interest and taxes (EBIT) rose by approx. 22% over the previous year's figure, from EUR 0.86 million to EUR 1.06 million. The EBIT margin in terms of sales amounted to 18.4% in the first quarter following a figure of 18.9% in the same period last year. Income and revenues before tax amounted to EUR 1.02 million in the first quarter of 2010 (previous year's figure: EUR 0.92 million).

Our estimation of the further course of business for GK SOFTWARE has not changed since the annual consolidated accounts: We are expecting a continuation of the positive corporate development and believe that double-digit growth in sales with profit levels comparable to the previous years will be achieved; if business develops in an extraordinarily positive manner, it is possible that the increase in sales could amount to

20%. In this case, we are expecting profitability to produce an EBIT margin of approx. 18.5% in terms of sales – similar to the figure in previous years. But we need to mention that this forecast could be significantly impaired if developments in the overall economy take an unfavorable course.

Regardless of whether the economic upturn continues or another phase of stagnation starts, we

remain confident that 2010 will be another successful business year for GK SOFTWARE AG.

We are delighted that you are supporting our growth at GK SOFTWARE AG and thank you for the confidence placed in us.

The Management Board



Rainer Gläß
(CEO)



Stephan Kronmüller
(CTO)



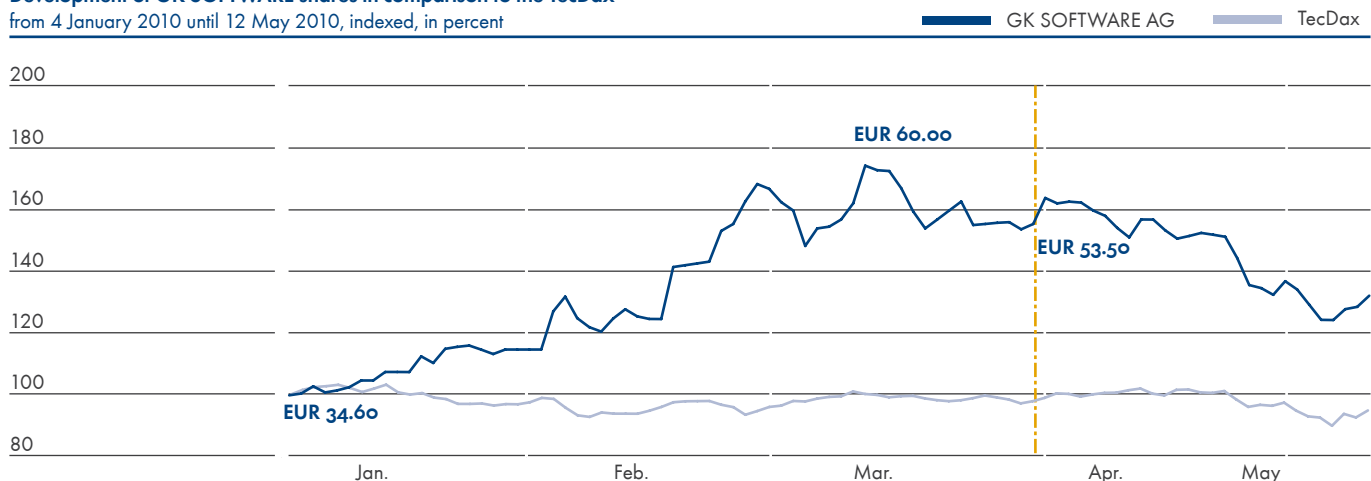
Ronald Scholz
(COO)



André Hergert
(CFO)

GK SOFTWARE AG SHARES

Development of GK SOFTWARE shares in comparison to the TecDax
from 4 January 2010 until 12 May 2010, indexed, in percent



SUMMARY

BASIC DATA

Basic data	
Securities Identification Number (WKN)	757142
ISIN	DE0007571424
Trading symbol	GKS
GK SOFTWARE AG IPO	19 June 2008
Type of shares	Ordinary stock in the name of the holder without any nominal value (individual share certificates)
Trading markets	Frankfurt and XETRA
Market segment	Regulated Market (Prime Standard)
Designated Sponsor	ICF Kursmakler AG
Number of shares	1,665,000
Share capital	EUR 1,665,000
Free float	34.82%
Highest price in 2010	EUR 60.00 (11.3.2010)
Lowest price in 2010	EUR 34.60 (4.1.2010)

SUMMARY/SHARE PERFORMANCE

GK SOFTWARE AG shares, which are listed in the Prime Standard section of the Frankfurt Stock

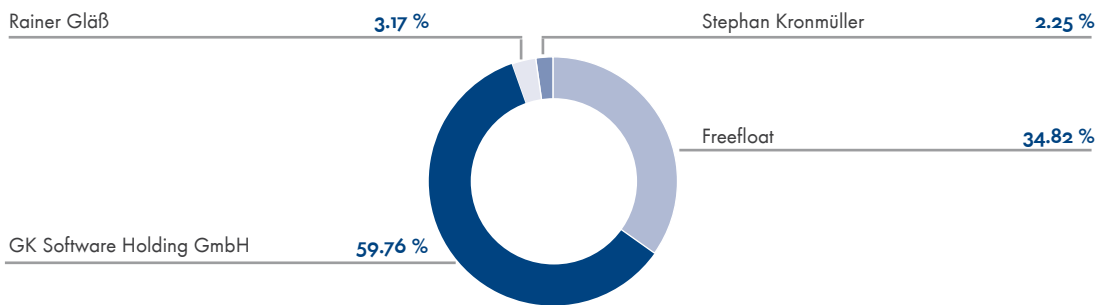
Exchange, were able to continue their upward course during the first quarter of 2010, after the value of the shares almost tripled during fiscal 2009. The price of the shares was EUR 34.40 at the beginning of January and reached its all-time high of almost EUR 60 on 11 March. The price of the shares on 31 March was EUR 53.50 as a result of the general uncertainties based on developments in Greece. This corresponds to a market capitalization of EUR 89 million.

SHAREHOLDER STRUCTURE

GK SOFTWARE AG has a very stable shareholder base, which is allowing the company to develop sustainably in the long term. As Rainer Gläß and Stephan Kronmüller each sold 90,000 shares at a price of EUR 50.00 each through GK SOFTWARE Holding GmbH on 17 March, the following shareholder structure existed on the reporting date on 31 March 2010: The founder and CEO Rainer Gläß directly holds 3.17% of the shares. Stephan Kronmüller, also a company founder and CTO, directly owns 2.25% of the shares. 59.76% are owned by GK SOFTWARE Holding GmbH, half of which are each indirectly held by the company partners Rainer Gläß and Stephan Kronmüller. This

Shareholder Structure

for GK SOFTWARE AG on 31 March 2010



gave rise to a free float of 34.82% on 31 March 2010.

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

- ▶ Universal-Investment-Gesellschaft mbH, Frankfurt am Main 3.015% (on 26.6.2009)
- ▶ Deutsche Asset Management Investmentgesellschaft mbH, Frankfurt am Main 3.152% (on 22.3.2010)

DIRECTORS DEALINGS***Rainer Gläß, CEO***

Sale: 17.3.2010 90,000 shares at EUR 50.00

Stephan Kronmüller, CTO

Sale: 17.3.2010 90,000 shares at EUR 50.00

BRIEF INTERIM GROUP MANAGEMENT REPORT

ECONOMIC REPORT

BUSINESS AND GENERAL CONDITIONS FOR GK SOFTWARE

MARKET AND COMPETITIVE ENVIRONMENT

Business developments at GK SOFTWARE AG are significantly determined by the economic situation in the retail sector in Germany and Europe. This sector may have recorded major falls in revenues in fiscal 2009, but its nominal decline by 1.6% (1.9% when adjusted for prices) was a far better situation than the overall economy. Sales for the German retail sector amounted to approx. EUR 392 billion, which was slightly above expectations (previous year's figures: EUR 398.6 billion)¹. Growth of about 2% is expected for the overall economy in 2010. The German Retail Association, on the other hand, is expecting stagnation for the retail sector, which would mean a fall of approx. half of one percent when adjusted for prices². The figures for the first quarter of 2010, however, reflect a more positive trend. The retail sector was able to increase overall by an adjusted figure of 0.5%. Some sectors were able to achieve significant growth figures; e.g. the textile retail sector registered an increase of 9.5% or the food retail sector growth of 3.9%, while other sectors were weaker (e.g. vehicle dealers or mail order businesses, which do not play a role for the business of GK SOFTWARE AG at the moment)³.

Various domestic and international studies are also forecasting an upward trend in the retail IT sector at the moment. According to the current CIO survey by Martec International, IT budgets in 2010 will account for 1.3% of sales revenues on average (1% in 2009). The latest study in 2010 published by the EuroHandelsInstitut shows that the need for investments by the retail sector continues to be high. The average age of store software is 5.8

years and 20% of retailers are still using software that is more than ten years old.

The current trading report for 2010 from the Association of German Chambers of Industry and Commerce (DIHK) reflects a similar trend. Three quarters of those surveyed described their situation as good or satisfactory. In the light of the stable situation in the employment market, future prospects are being assessed more positively again, which should lead to higher IT budgets in the retail sector. Two thirds of those surveyed are therefore expecting expenditure that at least remains stable or increases in this sector. The major companies – and therefore the core clients of GK SOFTWARE – are much more optimistic than small and medium-sized enterprises.

In the light of the different forecasts about trends – ranging from stagnation to slight growth – it is impossible to make any reliable forecast for fiscal 2010. The development of Germans' willingness to consume will be a major factor for the coming year. This fell in the first quarter of 2010, as it not only reflects subdued expectations about income and the jobs market, but also the discussions about the financial crisis in Greece. However, the propensity to consume is currently significantly above comparable surveys carried out last year.

The fundamental experience that both growth phases and economic downturns provide opportunities for GK SOFTWARE, has once again proven to be true. At such times, retailers invest in issues like customer loyalty or process optimization. Any jump-start in the economy could create a situation where a start is made on reducing the investment backlog that still exists.

GK SOFTWARE AG is therefore assuming that the investments in new systems, which are required for the short and medium term, will provide it with sales potential in the future in Germany too.

As a result of the expansion of sales activities to the USA, Great Britain and Russia and due to additional enquiries from markets that are not actively being processed, the company has further increased its sales potential. Foreign retailers, some of which have been more seriously hit by the financial market crisis, will also increasingly invest

¹ Source: HDE, <http://www.einzelhandel.de/pb/site/hde/node/9421/Lde/index.html>

² Source: HDE, <http://www.einzelhandel.de/pb/site/hde/node/767080/Lde/index.html>

³ Source: <http://www.einzelhandel.de/pb/site/hde/node/993748/Lde/index.html>

in IT systems to the degree that the world economy recovers.

GK SOFTWARE is currently in a good position in several current bids for tenders in Germany and abroad and has important advantages over its competitors with its broad portfolio of products, the internationality of its solutions and its proven ability to complete projects quickly.

CUSTOMER PROJECTS

Progress on customer projects moved forward according to plan during the first three months of 2010. It was possible to install the first pilot markets for JYSK in Bosnia and China and pass important milestones in other projects on time. Work is actively progressing on the Russian specifications for the GK/Retail standards so as to be able to equip pilot markets for the new major customer in Russia in the second quarter. A start has been made on the first versions for different countries in the Hornbach project, now that the contract has been signed. At the same time, a new minor release of GK/Retail 12 was completed on schedule. The realization of the major project for EDEKA is particularly important for GK SOFTWARE. This business was obtained in cooperation with SAP. The project teams on all sides are working hard to complete the EDEKA solution on time.

EMPLOYEES

GK SOFTWARE currently employs 298 people (figure on 31 March 2010, 231 in the previous year), i.e. 67 more than at the end of the comparable period in the previous year. This increase of approx. 29% was partly caused by the takeover of the employment contracts of Solquest GmbH employees last year. The human resources in several departments have also continued to expand according to plan to enable the company to complete the projects that it has already obtained and those that it is expecting to gain. The software development and project management

departments in particular have been further reinforced.

The majority of staff (137 persons) are employed at corporate headquarters in Schöneck (117 in the previous year). It was possible to expand the space available here by 430 sqm as a result of the extension that was opened during the first quarter of 2010. This area mainly houses modern test laboratories. There are 14 members of staff at the Berlin branch, who mainly work in the sales and marketing, project management, partner management and hotline departments. The Czech subsidiary EUROSOFTWARE s.r.o. currently employs 107 people (98 in the previous year). The company employs 38 members of staff in St. Ingbert. The StoreWeaver GmbH currently employs one member of staff at Basel/Riehen. One former Solquest member of staff is employed at SQ IT-Services GmbH, a one hundred percent subsidiary of GK SOFTWARE – this company was set up as a result of the takeover.

The major focus of the human resources work continues to involve integrating new members of staff and enabling them to become acquainted with company practices. Special integration plans, trainee and mentoring programs have been developed for this purpose. GK SOFTWARE will also continue to employ more highly qualified staff at its various bases in order to be able to respond to the growth in work appropriately.

Distribution of employees

at the group's sites on 31 March 2010

Riehen/St. Ingbert		39
Plzen		107
Berlin		14
Schöneck		138

EXPLANATION OF THE BUSINESS RESULTS AND AN ANALYSIS OF THE ASSETS, FINANCIAL AND EARNINGS SITUATION

EARNINGS SITUATION

GK SOFTWARE was able to increase its sales by 25.3% from EUR 4.59 million to EUR 5.75 million during the first three months of fiscal 2010 in comparison with the same period during the previous year. Taking into account the changes of own work capitalized, total operating revenues rose to EUR 6.17 million following a figure of EUR 4.58 million in the previous year; this represents growth of 34.8%.

projects begun during the first quarter. The positive development in maintenance sales also continued. The increase here for the GK/Retail business amounted to 35.5%. But revenues from services in this business unit unfortunately declined by 20.9%, which can be attributed to tying up capacity in project preparation work. The SQRS business unit, which was not taken over from Solquest GmbH until May 2009, provided a significant boost to growth in comparison with the previous year. This business accounts for 13.8% of the total sales within the group.

Human resources expenditure rose during the reporting period from EUR 2.39 million to EUR 3.30 million (+38%) in comparison with the first quarter of 2009. The main reason for this was the

€EUR	Q I 2010		Q I 2009		Change
Sales with					
GK/Retail	4,959	86.2%	4,590	100.0%	8.0%
SQRS	793	13.8%	—	0.0%	—
TOTAL	5,752	100.0%	4,590	100.0%	25.3%
Licenses					
of which	1,002	17.4%	163	3.6%	514.7%
GK/Retail	1,002	17.4%	163	3.6%	514.7%
SQRS	—	0.0%	—	—	—
Maintenance					
of which	1,596	27.7%	887	19.3%	79.9%
GK/Retail	1,202	20.9%	887	19.3%	35.5%
SQRS	394	6.8%	—	—	—
Services					
of which	2,961	51.5%	3,266	71.2%	-9.3%
GK/Retail	2,584	44.9%	3,266	71.2%	-20.9%
SQRS	377	6.6%	—	—	—
Other business					
of which	193	3.4%	274	6.0%	-29.6%
GK/Retail	171	3.0%	274	6.0%	-37.6%
SQRS	22	0.4%	—	—	—

The increase in sales is due to the expansion of business related to the GK/Retail software. Its contribution was 8% and is largely based on the expansion of the licensing business, where it was possible to more than quintuple operations in comparison with the same period in the previous year. The reasons for this can be found in the new

employees taken over from Solquest GmbH in May last year. There is therefore no comparative basis for these figures. Capacities in the development and project management departments were, however, also expanded.

Depreciation/amortization went according to plan during the first quarter of 2010 at a figure of

EUR 0.39 million (EUR 0.19 million during the previous year). The increase is due to the scheduled depreciation of own work capitalized and the software and customer base acquired through the purchase of the operating business of Solquest GmbH. Other operating expenditure amounted to EUR 1.27 million (EUR 0.87 million in the previous year). The two most important driving forces in this increase were the expansion of sales capacities in the USA, Great Britain and Russia (approx. EUR 0.24 million) and the increases in expenditure from the expansion of business operations like travel expenses, telecommunications and data traffic costs (EUR 0.15 million).

GK SOFTWARE achieved earnings before interest and taxes (EBIT) of EUR 1.06 million (EUR 0.86 million in the previous year) during the reporting period. In terms of sales, GK SOFTWARE generated an EBIT margin of 18.4%.

The financial results totaled EUR -0.04 million (EUR 0.05 million in the previous year's period) during the first quarter of 2010. The pre-tax results rose to EUR 1.02 million following a figure of EUR 0.92 million during the same period in the previous year. After tax, the net income for the period amounted to EUR 0.73 million (EUR 0.66 million in the previous year). This corresponds to earnings of EUR 0.44 per share in relation to the 1,665,000 shares in circulation at the reporting date; the earnings in the previous year were EUR 0.39 per share.

ASSETS SITUATION

The group's reported equity in the first quarter of the business year rose by EUR 0.73 million from EUR 15.30 million to EUR 16.03 million on 31 March 2010 in the course of business developments. The equity ratio is now 46.5%, following a figure of 47.8% at the end of the fiscal 2008.

Non-current liabilities rose to EUR 7.46 million. This increase is the result of a rise in deferred tax assets and liabilities of EUR 0.35 million – and this is countered by a decline in non-current bank

liabilities by EUR -0.19 million. Current liabilities rose from EUR 9.77 million to EUR 10.98 million. The main factors affecting this figure were the advanced payments that were received and which are important for funding purposes – they rose by EUR 2.79 million to EUR 5.03 million. Other liabilities fell significantly by EUR 1.41 million, which was primarily due to the payment of sales tax liabilities.

On the assets side, non-current assets rose from EUR 13.13 million to a figure of EUR 13.35 million now. While the value of intangible assets fell slightly from EUR 9.33 million to EUR 9.29 million – which is mainly due to scheduled amortization – there was a rise of EUR 3.41 million to EUR 3.66 million in property, plant and equipment. The main reason for this is the expansion of the office accommodation at GK SOFTWARE AG's headquarters in Schöneck.

Current asset items had a value of EUR 21.12 million, following a figure of EUR 19.24 million at the reporting date for fiscal 2009. The main item here was cash and cash equivalents, which stood at EUR 11.27 million and exceeded the figure for the reporting date for fiscal 2009 (EUR 10.64 million) by EUR 0.63 million. The increase in accounts receivable from ongoing work by EUR 1.49 million to EUR 2.87 million on the basis of revenue recognition according to IAS 18.30 in conjunction with IAS 18.26 (Revenue recognition at the level of costs incurred, if they are recovered) and in conjunction with IAS 18.24 (Degree of completion) is countered by declines in other assets of EUR 0.17 million and trade accounts receivable by EUR 0.42 million.

FINANCIAL SITUATION

Cash flow in the narrower sense (mainly the pre-tax results, adjusted by depreciation/amortization that does not affect liquidity) amounted to EUR 1.46 million at the reporting date. During the whole of the previous year, the figure was EUR 6.23 million. The cash flow from operating activities amounted to EUR 1.43 million (EUR 5.66

million for the whole of fiscal 2009) during the reporting period.

The cash flow from investment activities amounted to EUR -0.61 million (EUR -9.36 million for the whole of fiscal 2009) in 2010 until 31 March. In addition to investments in employee-related office and business equipment, funds were primarily used for the extension building for office accommodation at GK SOFTWARE AG's headquarters.

The cash flow from financial activities amounted to EUR -0.19 million (an influx of EUR 5.47 million for the whole of fiscal 2009). The reason for the outflow of funds was the contractual repayments of non-current bank liabilities.

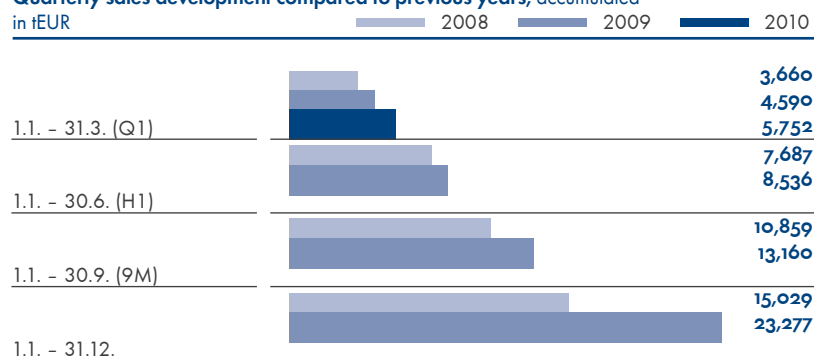
Overall, funds totaling EUR 0.64 million accrued for the company during the reporting period so that the cash and cash equivalents stood at EUR 11.27 million. EUR 2.01 million of this amount has been pledged to provide security for bank guarantees.

REPORT ON KEY EVENTS AFTER THE END OF THE FIRST QUARTER

No major events took place after the end of the reporting period.

Quarterly sales development compared to previous years, accumulated

in tEUR



REPORT ON RISKS AND PROSPECTS AT GK SOFTWARE

OPPORTUNITIES AND RISKS FOR GK SOFTWARE

There were no major changes to the risk situation for GK SOFTWARE, which might have a significant influence on corporate development in the remaining months of the current business year, during the first quarter of fiscal 2010 in comparison with the statements made in the business report for fiscal 2009. As a result, the statements of opportunities and risk potential for future developments at GK SOFTWARE made in the group management report for fiscal 2009 continue without any fundamental changes.

OUTLOOK

In the light of a large number of overall economic imponderables, which have continued to exist since the beginning of the year, the Management Board views the development of the group's financial and earnings situation in the following way: The group's earnings situation will continue to improve through further growth in sales during the years 2010 and 2011 and they do not expect any developments that could pose a threat to the group's existence from the financial situation.

The strategy of continuing with the internationalization course in the 2010 and 2011 business years and achieving significant shares of sales with corporations, which have their decision-making headquarters outside Germany, will be continued to the same degree as the further development of the German market by expanding operations to other retail sectors and achieving a deeper level of penetration of segments that have already been tapped into.

The Management Board can therefore repeat the forecast it made in the group annual statements because the background factors have not changed: If we follow the estimates of developments in the overall economy and the retail sector, an expansion of sales with double digit percentage growth is probable. The Management

Board believes that the company will be able to continue the profitability levels already achieved.

If developments are particularly positive, the Management Board is expecting to be able to achieve sales growth of 20% in the GK/Retail business. We do not expect any growth in the SQRS business, but stability. Taking into account the one-off effects in fiscal 2009, we are therefore expecting sales of between EUR 23.5 and 26.0 million for 2010. This growth should continue to maintain the profitability of previous years with an EBIT margin of roughly 18.5% in terms of sales.

Any forecast for 2011 is naturally even more uncertain. But in our view, there are no likely reasons, which might make developments differ from those achieved in the past few years: As a result, we are expecting continued double-digit growth in sales for the GK/Retail business in 2011 too, while the SQRS business within the group continues to remain at current sales levels. Declines in this business segment may be possible in 2011 in favor of the GK/Retail business. In terms of profitability, we are expecting to be able to maintain the current level of margins. Based on these developments, there is no reason to expect any impairment of the good financial situation that the group enjoys at the moment.

CONSOLIDATED ACCOUNTS

CONSOLIDATED BALANCE SHEET ON 31 MARCH 2010

ASSETS

EUR	31.3.2010 (not audited)	31.12.2009 (audited)
Non-Current Assets		
Property, Plant and Equipment	3,663,970.41	3,410,158.36
Intangible Assets	9,294,008.59	9,332,576.95
Financial Assets	300.00	300.00
Deferred Taxes	394,872.22	389,714.48
Total Non-Current Assets	13,353,151.22	13,132,749.79
Current Assets		
Inventories	0.00	0.00
Trade Accounts Receivable	4,047,695.64	4,466,188.73
Accounts Receivable from Ongoing Work	2,872,879.46	1,380,200.00
Accounts Receivable from Associated Companies	11,454.66	11,383.50
Other Accounts Receivable and Assets	2,917,837.29	2,747,257.76
Cash and Cash Equivalents	11,274,087.85	10,637,185.86
Total Current Assets	21,123,954.90	19,242,215.85
Balance Sheet Total	34,477,106.12	32,374,965.64

LIABILITIES

EUR	31.3.2010 (not audited)	31.12.2009 (audited)
Equity		
Subscribed Capital	1,665,000.00	1,665,000.00
Capital Reserves	7,845,779.92	7,845,779.92
Retained Earnings	31,095.02	31,095.02
Balance Sheet Profits	6,489,732.30	5,757,708.53
Total Equity	16,031,607.24	15,299,583.47
Non-Current Liabilities		
Provisions for Pensions and Similar Obligations	45,062.36	45,062.36
Non-Current Bank Liabilities	5,797,875.00	5,983,000.00
Deferred Public Sector Subsidies	699,400.78	707,978.74
Deferred Tax Assets and Liabilities	921,831.63	567,812.07
Total Non-Current Liabilities	7,464,169.77	7,303,853.17
Current Liabilities		
Current Provisions	795,352.98	801,766.60
Current Bank Liabilities	740,530.00	740,500.00
Trade Accounts Payable	690,208.53	773,950.21
Initial Payments Received	5,033,183.08	2,238,527.85
Income Tax Liabilities	1,193,032.27	1,272,994.04
Other Current Liabilities	2,529,022.25	3,943,790.30
Total Current Liabilities	10,981,329.11	9,771,529.00
Total Liabilities	18,445,498.88	17,075,382.17
Balance Sheet Total	34,477,106.12	32,374,965.64

CONSOLIDATED INCOME STATEMENT ON 31 MARCH 2010

EUR	31.3.2010 (not audited)	31.3.2009 (not audited)	31.12.2009 (audited)
Ongoing Business Divisions			
Sales Revenues	5,752,445.70	4,589,837.09	23,276,625.57
Changes in Stocks of Unfinished Work	0.00	-218,717.52	-873,452.10
Own Work Capitalized	195,027.90	103,880.00	1,066,612.46
Other Operating Revenues	224,239.90	104,654.28	826,450.46
	6,171,713.50	4,579,653.85	24,296,236.39
Materials Expenditure	156,853.20	265,400.26	-561,285.02
Human Resources Expenditure	3,296,409.47	2,391,593.56	-12,116,566.57
Depreciation and Amortization	385,240.89	191,660.79	-1,280,989.79
Other Operating Expenditure	1,274,398.57	866,733.39	-5,447,836.56
	5,112,902.13	3,715,388.00	-19,406,677.94
Operating Results	1,058,811.37	864,265.85	4,889,558.45
Financial Results	-39,751.98	53,765.58	143,382.73
Results before Income Taxes	1,019,059.39	918,031.42	5,032,941.18
Income Taxes	287,035.62	261,802.48	-1,515,770.92
Net Income for Period	732,023.77	656,228.94	3,517,170.26
Profits Carried Forward	5,757,708.53	2,240,538.27	2,240,538.27
Consolidated Balance Sheet Profits	6,489,732.30	2,896,767.21	5,757,708.53
Number of Shares Issued (Average Figure)	1,665.000	1,665.000	1,665.000
Non-Diluted Earnings per Share (EUR/Share)	0.44	0.39	2.11

CONSOLIDATED CASH FLOW STATEMENT ON 31 MARCH 2010

CASH FLOWS FROM OPERATING BUSINESS

€EUR	31.3.2010 (not audited)	31.12.2009 (audited)
Cash Flows from Operating Business		
Consolidated Results for the Period	732	3,517
Income Taxes Affecting Results	287	1,516
Interest Income/Expenditure Affecting Results	40	-143
Profit/Loss from the Sale or Disposal of Property, Plant and Equipment	5	-2
Reversals of Deferred Public Sector Subsidies	-9	-34
Write-Downs Recognized for Receivables	23	185
Write-Ups Recognized for Receivables	0	-35
Amortization/Depreciation	385	1,281
Other Non-Cash Revenues and Expenditure	2	-58
	1,465	6,227
Changes in Net Current Assets		
Changes in Trade Accounts Receivable and Other Receivables	-1,273	-2,773
Changes in Inventories	0	738
Changes in Trade Accounts Payable and Other Liabilities	-1,144	1,892
Changes in Initial Payments Received	2,795	-33
Changes in Provisions Affecting Results	-6	-1
Influx of Cash from Operating Business	1,837	6,050
Interest Payments Received	36	151
Interest Paid	-75	-116
Income Taxes Paid	-368	-423
Net Cash Flow Provided by Operating Business	1,430	5,662
Cash Flows from Investment Activities		
Payments for Property, Plant and Equipment and Non-Current Assets	-606	-8,806
Investment Subsidies Used	0	11
Disbursed Loans	0	-568
Net Outflow of Cash and Cash Equivalents from Investment Activities	-606	-9,363

CASH FLOW PROVIDED BY FINANCING COSTS, CREDITS AND MEANS OF PAYMENT

tEUR	31.3.2010 (ungeprüft)	31.12.2009 (geprüft)
Cash Flows from Financing Activities		
Loans Taken Out	0	5,748
Repayment Installments for Loans	-185	-280
Net Income in Cash and Cash Equivalents from Financing Activities	-185	5,468
Net Income in Cash and Cash Equivalents	639	1,767
Cash and Cash Equivalents at the Beginning of the Fiscal Year	10,637	8,855
Impact of Changes in Exchanges Rates on Cash and Cash Equivalents	-2	15
Cash and Cash Equivalents on the Reporting Date	11,274	10,637

TEUR 2,000 were pledged as security for a bank guarantee provided in connection with the acquisition of the operating business of Solquest GmbH at the reporting date of 31 March 2010. The guarantee will be kept until 30 June 2010. The pledge ends with the expiry of the guarantee. tEUR 10 were also pledged as security as part of a leasing contract for business accommodation for the Berlin branch of GK SOFTWARE AG.

DEVELOPMENT OF CONSOLIDATED EQUITY CAPITAL ON 31 MARCH 2010

EUR	Subscribed Capital	Capital Reserves	Retained Ear- nings	Balance Sheet Profits	Total
Figures on 1 January 2009	1,665,000.00	7,845,779.92	31,095.02	2,240,538.27	11,782,413.21
Quarterly Net Income	0.00	0.00	0.00	656,228.94	656,228.94
Figures on 31 March 2009	1,665,000.00	7,845,779.92	31,095.02	2,896,767.21	12,438,642.15
Net Income from 1 April until 31 December 2009	0.00	0.00	0.00	2,860,941.32	2,860,941.32
Figures on 31 December 2009	1,665,000.00	7,845,779.92	31,095.02	5,757,708.53	15,299,583.47
Quarterly Net Income	0.00	0.00	0.00	732,023.77	732,023.77
Figures on 31 March 2010	1,665,000.00	7,845,779.92	31,095.02	6,489,732.30	16,031,607.24

NOTES ON THE CONSOLIDATED ACCOUNTS ON 31 MARCH 2010

PRINCIPLES OF REPORTING

1. GENERAL INFORMATION

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

The consolidation, balance sheet and assessment methods used in these brief interim consolidated accounts are based on the same consolidation, balance sheet and assessment methods, which were also used in the consolidated accounts in fiscal 2009, unless any different procedure is mentioned here.

2. CONSOLIDATED COMPANIES

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

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

3. REVENUE RECOGNITION

The degree of completion is determined according to the valuation of the work that has been performed and – before the first 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 initial valuation of the work performed or between two valuation dates – the ratio of the actual work that has been performed to the total work that was planned for the reporting date, i.e. a share of the total value of the contract for the agreed work performed before the next valuation date. Work revenues amounting to tEUR 1,485 were recognized during the reporting period. Initial payments amounting to tEUR 2,000 were paid by customers for this work. We refer to Section 1.4 for the composition of the significant categories of revenues. Guarantee reserves amounting to tEUR 266 exist for these.

4. SEGMENTBERICHTERSTATTUNG

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

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

tEUR	GK/Retail		SQRS		Eliminations		Group	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Sales with third parties	4,959	4,590	793	—	—	—	5,752	4,590
Licenses	1,002	163	—	—	—	—	1,002	163
Maintenance work	1,202	887	394	—	—	—	1,596	887
Services	2,584	3,266	377	—	—	—	2,961	3,266
Other departments	171	274	22	—	—	—	193	274
Sales with the other segment	376	—	142	—	518	—	518	—
Segment EBIT	861	—	198	—	—	—	1,059	—
Assets	32,721	19,588	4,791	—	—3,035	—	34,477	19,588
Cash and cash equivalents	10,428	9,977	846	—	—	—	11,274	9,977

The decision not to continue to sell the SQRS software solutions in the future has been maintained. The exchange of work between the segments is governed by service agreements, which are dictated by the normal revenues for segments in their outside markets. Administrative work is calculated on the basis of service provision agreements in line with the estimated time required based on experience in the past, using the cost price of the administrative work that is provided.

Sales with customers, which have their headquarters outside Germany, amounted to tEUR 1,237 during the reporting period. Sales of tEUR 2,571 were achieved with customers, whose share

of the sales exceeds 10% of the total sales during the reporting period. These sales came from the GK/Retail segment.

5. MAJOR EVENTS

There are no major events to report after 31 March 2010.

6. APPROVAL OF THE BRIEF INTERIM ACCOUNTS

The brief interim accounts were approved by the company managers at a meeting held on 26 May 2010 and were released for publication.

Schönebeck, May 2010

The Management Board


Rainer Gläß
(CEO)


Ronald Scholz
(COO)


Stephan Kronmüller
(CTO)


André Hergert
(CFO)

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IMPRINT

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NOTES

Note to the Annual 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

Q1 Interim Report for 2010	26 May 2010
Annual Shareholders' Meeting in 2010	17 June 2010
H1 Interim Report for 2010	26 August 2010
Analysts' Conference 2010	22 November 2010
9M Interim Report for 2010	25 November 2010
2010 Annual Report	27 April 2011
Q1 Interim Report for 2011	26 May 2011
Annual Shareholders' Meeting in 2011	28 June 2011
H1 Interim Report for 2011	30 August 2011
9M Interim Report for 2011	24 November 2011

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