

# Quartely Report 1/2007



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earnings positive  
at EUR 0.5 million

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Dear shareholders, employees, partners  
and friends of Softing AG,



Softing looked good in the first quarter of 2007. The results of our renewal efforts over the past years are clearly visible. This was actually one of the best first quarters in Softing's more than 25-year history. We achieved an operating profit of EUR 0.5 million and net income of EUR 0.3 million in the first three months, making this a promising start to the new year.

All of Softing's key figures improved significantly. The Group's incoming orders – an important early indicator – rose by over 20 percent to reach EUR 7.0 million (previous year: EUR 5.7 million). Sales increased by 19 percent from EUR 5.4 million to EUR 6.4 million. Earnings jumped EUR 0.8 million, boosting EBIT to a very gratifying EUR 0.5 million (previous year: EUR –0.3 million), while net income came to EUR 0.3 million (previous year: EUR –0.2 million). Softing's orders on hand were also up a good 13 percent, amounting to a notable EUR 5.2 million (EUR 4.6 million as of December 31, 2006).

The figures from the first three months make us confident that we can reach our goals for 2007. Through organic growth, we want to achieve sales of around EUR 25 million and EBIT of over EUR 1.5 million.

Our participation in this year's "Hannover Messe" industrial trade fair in April was another great success. Numerous conversations and negotiations have confirmed that demand continues to grow for our industrial automation products and services. Our new products give us an outstanding position in this field. The positive economic forecasts and growth opportunities in the automation and process industry will also strengthen this development.

Last year's realignment of Automotive Electronics is beginning to bear fruit. Sales were up 16 percent here, while earnings rose by EUR 0.5 million. This means Automotive Electronics is once again making a positive contribution to Group earnings. The division is clearly back on the road to success. Its streamlined organization, total customer focus and highest standards of product quality will help Automotive Electronics grow profitably.

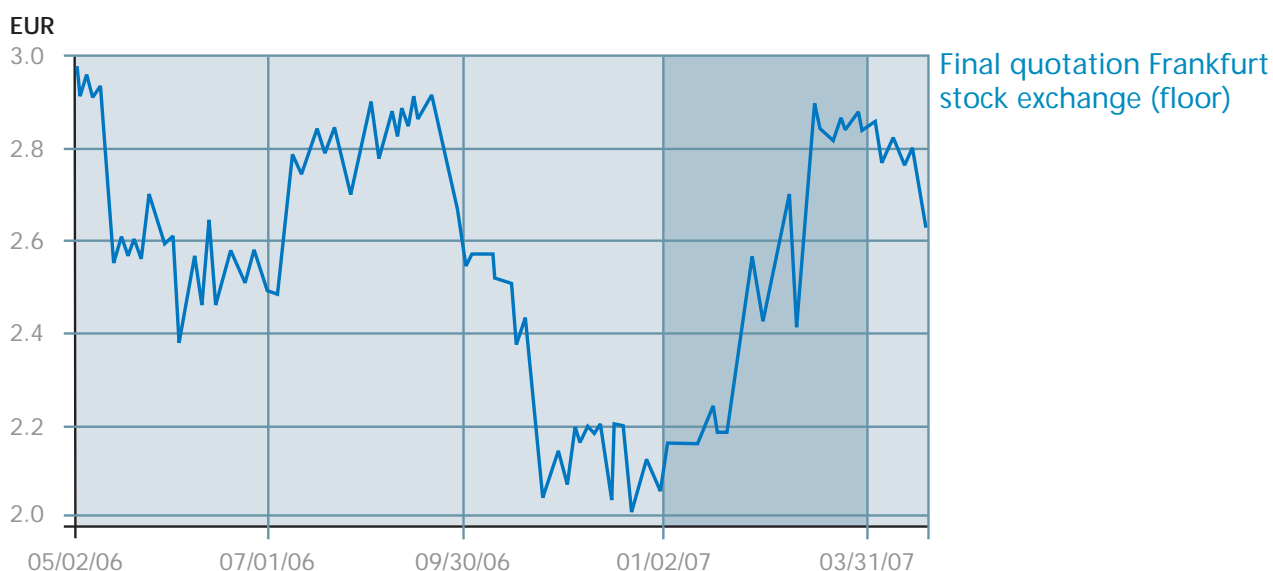
We are convinced that Softing's progress in 2007 will have a greater impact on our share price than before. The first quarter has given us, the Executive Board and employees, the incentive to continue implementing our ambitious plans. We hope it gives you, our valued shareholders, the incentive to accompany us further along this promising journey.

Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'W.' followed by a series of connected loops and a final vertical stroke.

Dr. Wolfgang Trier

## Stock Price – Directors’ Holdings Financial Calendar



### Directors' Holdings as of 03/31/2007

Boards	Number of shares		Number of options	
	As of 03/31/2007	As of 12/31/2006	As of 03/31/2007	As of 12/31/2006
<b>Executive Board</b>				
Dr. Trier	110,000	110,000	37,200	37,200
Dr. Siedentop	–	–	–	–
<b>Supervisory Board</b>				
Dr. Schiessl	–	–	–	–
Mr. Butscher	–	–	–	–
Mr. Kratzer	–	–	–	–

### Financial Calendar

Quarterly Report 1/2007	05/29/2007
Quarterly Report 2/2007	08/14/2007
Annual Shareholders' Meeting in Munich	08/24/2007
Quarterly Report 3/2007	11/14/2007

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## Consolidated Balance Sheet

According to IFRS as of March 31, 2007, unaudited

Assets	Quarterly report 03/31/2007 EUR	Financial statements 12/31/2006 EUR
Cash and cash equivalents	2,327,702	2,108,413
Marketable securities	631,625	631,625
Trade accounts receivable	4,743,727	4,659,500
Inventories	1,639,573	1,595,890
Prepaid expenses and other current assets	299,228	343,234
<b>Total current assets</b>	<b>9,641,855</b>	<b>9,338,662</b>
Property, plant and equipment	592,394	538,000
Intangible assets	3,765,131	3,663,395
Goodwill	2,351,125	2,351,125
Borrowings	423	0
Deferred taxes	3,070,234	3,059,258
<b>Total non-current assets</b>	<b>9,779,307</b>	<b>9,611,778</b>
<b>Total assets</b>	<b>19,421,162</b>	<b>18,950,440</b>
<b>Liabilities and shareholders' equity</b>		
Trade accounts payable	780,856	718,038
Provisions	142,610	142,610
Deferred income and other current liabilities	2,464,838	2,712,497
<b>Total current liabilities</b>	<b>3,388,304</b>	<b>3,573,145</b>
Liabilities under long-term construction contracts	303,599	162,298
Deferred tax liabilities	1,444,083	1,281,129
Pension provisions	1,164,425	1,138,073
Other non-current liabilities	353,509	348,728
<b>Total non-current liabilities</b>	<b>3,265,616</b>	<b>2,930,228</b>
Share capital	5,599,998	5,599,998
Capital reserves	1,682,707	1,682,707
Treasury shares	- 273,375	0
Accumulated profits (incl. retained earnings)	5,757,912	5,164,362
<b>Total shareholders' equity</b>	<b>12,767,242</b>	<b>12,447,067</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,421,162</b>	<b>18,950,440</b>

# Consolidated Income Statement

According to IFRS as of March 31, 2007, unaudited

	Quarterly report I/ 2007 01/01/2007 – 03/31/2007 EUR	Quarterly report I/2006 01/01/2006 – 03/31/2006 EUR
Revenue	6,384,436	5,350,358
Other operating income	69,216	97,198
Other own work capitalized	652,097	594,007
Cost of purchased materials and services	– 1,546,497	– 1,241,830
Staff costs	– 3,450,574	– 3,331,097
Depreciation and amortization	– 689,400	– 818,376
Other operating expenses	– 918,317	– 945,174
<b>Operating income/loss</b>	<b>500,961</b>	<b>– 294,914</b>
Interest income and expense	– 25,069	– 40,821
<b>Result before income taxes</b>	<b>475,892</b>	<b>– 335,735</b>
Income tax	– 143,403	97,386
Other taxes	– 13,379	– 7,652
<b>Net income/loss</b>	<b>319,110</b>	<b>– 246,001</b>
Earnings per share (basic)	0.06	– 0.04
Earnings per share (diluted)	0.06	– 0.04
Average number of shares outstanding (basic)	5,599,998	5,499,998
Average number of shares outstanding (diluted)	5,621,762	5,524,502

## Consolidated Cash Flow Statement

According to IFRS as of March 31, 2007, unaudited

	Quarterly report I/ 2007 01/01/2007 – 03/31/2007 TEUR	Quarterly report I/2006 01/01/2006 – 03/31/2006 TEUR
<b>Cash flows from operating activities</b>		
Net profit/loss for the period	319	– 246
+ Depreciation/amortization	689	818
+/- Increase/decrease in provisions	189	– 65
– Change in net working capital	– 133	– 553
<b>Net cash provided by operating activities</b>	<b>1,064</b>	<b>– 46</b>
<b>Cash flow from investing activities</b>		
– Payments made for investments in self-produced intangible assets	– 710	– 703
– Payments made for investments in other intangible assets and in property, plant and equipment	– 134	– 73
<b>= Net cash used in investing activities</b>	<b>– 844</b>	<b>– 776</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>220</b>	<b>– 822</b>
Cash and cash equivalents at beginning of period	2,740	4,729
<b>Cash and cash equivalents at end of period</b>	<b>2,960</b>	<b>3,907</b>

## Changes in Shareholders' Equity

### 01/01 – 03/31/2007

Thsd. EUR	Share capital	Capital reserves	Retained earnings	Accumulated profits	Total
Balance as of December 31, 2006	5,600	1,683	6,526	- 1,362	12,447
Valuation of financial instruments					
Currency translation				1	1
Net income 2007				319	319
<b>Balance as of March 31, 2007</b>	<b>5,600</b>	<b>1,683</b>	<b>6,526</b>	<b>- 1,042</b>	<b>12,767</b>

### 01/01 – 03/31/2006

Thsd. EUR	Share capital	Capital reserves	Retained earnings	Accumulated profits	Total
Balance as of December 31, 2005	5,600	1,683	6,415	176	13,874
Valuation of financial instruments			- 18		- 18
Currency translation			4		4
Net income/loss 2006				- 246	- 246
<b>Balance as of March 31, 2006</b>	<b>5,600</b>	<b>1,683</b>	<b>6,401</b>	<b>- 70</b>	<b>13,614</b>

### Notes to the Consolidated Financial Statements for Q1/2007

This quarterly report was prepared using the same accounting policies as in financial year 2006.

The German economy showed considerable growth in early 2007. The five leading economic research institutes forecast economic growth of 2.4 percent for the remainder of the year. We therefore expect Softing's sales to increase further.

Investments in self-constructed intangible assets amounted to EUR 0.7 million in the first three months of 2007 (2006: EUR 0.7 million).

As of 03/31/2007, orders on hand in the Group totaled EUR 5.2 million (12/31/2006: EUR 4.6 million).

As of 03/31/2007, the Group had 205 employees (2006: 202). During the reporting period, no stock options were issued to employees.

On January 29, 2007, Dr. Manfred Patz left the Supervisory Board, and on February 1, Mr. Andreas Kratzer was appointed to the Supervisory Board.

# Segment Reporting

As of March 31, 2007

	Quarterly report I/ 2007 01/01/2007 – 03/31/2007 TEUR	Quarterly report I/2006 01/01/2006 – 03/31/2006 TEUR
<b>Automotive Electronics</b>		
Revenue	2,992	2,578
Segment result (EBIT)	67	– 439
Depreciation/amortization	347	507
Segment assets	6,828	8,494
Segment liabilities	2,511	2,977
Capital expenditure (not including long-term investments)	405	463
<b>Industrial Automation</b>		
Revenue	3,392	2,772
Segment result (EBIT)	434	144
Depreciation/amortization	342	311
Segment assets	6,303	5,574
Segment liabilities	2,699	2,960
Capital expenditure (not including long-term investments)	397	298
<b>Not distributed</b>		
Revenue	–	–
Segment result (EBIT)	–	–
Depreciation/amortization	–	–
Segment assets	6,290	7,323
Segment liabilities	1,444	2,146
Capital expenditure (not including long-term investments)	42	16
<b>Total</b>		
Revenue	6,384	5,350
Segment result (EBIT)	501	– 295
Depreciation/amortization	689	818
Segment assets	19,421	21,391
Segment liabilities	6,654	8,083
Capital expenditure (not including long-term investments)	844	777

The division into business segments in accordance with IAS 14 is shown in the above table