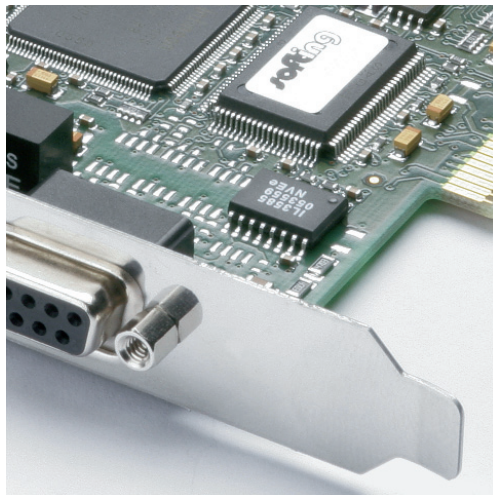


Quartely Report 2/2007



**Sales up 24%,
earnings at EUR 1.2 million**

Sales up 24%, earnings at EUR 1.2 million

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



The first quarter was quite positive for Softing, and the second quarter has been just as successful. We can now look back on two reporting periods in which we significantly improved all of our key figures.

Our incoming orders – an important early indicator – rose by a total of 20% in the first half of 2007 to reach EUR 14.4 million. There was a further improvement in sales as well. Worldwide sales climbed by 29% in the second quarter of 2007. Overall, sales increased by 24% to reach EUR 13.6 million in the first six months of the year. Our operating earnings developed just as positively, jumping by EUR 1.7 million in the first half-year to EUR 1.2 million. We believe this to be a sustainable trend in the development of the Softing Group.

I am particularly pleased that Automotive Electronics is back on the road to success. As you can see in the segment report on page 8, the division is experiencing double-digit growth rates and recording positive results once again. This is a clear turnaround.

Our share price developed much more positively over the past weeks than it had done in the previous months. This can be attributed, among other things, to the fact that some market analysts see considerable share price potential for the Softing share. We also believe that a sustainable improvement in earnings will be reflected in the share price. Excerpts from the Softing coverage which has come to our attention can be found on the Investor Relations page of the Softing website under "Press & Reports."

All figures in EUR million	Quarterly report II/2007	Quarterly report II/2006	Six-month report 2007	Six-month report 2006
Incoming orders	7.4	6.3	14.4	12.0
Sales	7.2	5.6	13.6	10.9
Earnings (EBIT)	0.7	- 0.2	1.2	- 0.5
Net income/loss	0.4	- 0.2	0.7	- 0.4

This year's Annual General Meeting will take place on August 24. I am already looking forward to presenting the figures from a successful first half-year and to discussing the medium- and long-term effects underlying them.

We hope that you, the friends of Softing AG, remain devoted to the company, and we warmly welcome you to take part in this year's Annual General Meeting.

Sincerely,

Dr. Wolfgang Trier

Stock Price – Directors’ Holdings Financial Calendar

EUR



Directors' Holdings as of 06/30/2007

Boards	Number of shares		Number of options	
	As of 06/30/2007	As of 03/31/2007	As of 06/30/2007	As of 03/31/2007
Executive Board				
Dr. Trier	157,200	110,000	–	37,200
Dr. Siedentop	–	–	–	–
Supervisory Board				
Dr. Schiessl	–	–	–	–
Mr. Butscher	–	–	–	–
Mr. Kratzer	–	–	–	–

Financial Calendar

Quarterly Report 2/2007	08/14/2007
Annual General Meeting in Munich	08/24/2007
Analyst Conference, Würzburg	09/01/2007
Quarterly Report 3/2007	11/14/2007
German Equity Forum, Frankfurt	11/14/2007

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Consolidated Balance Sheet

According to IFRS as of June 30, 2007, unaudited

Assets	Quarterly report 06/30/2007 EUR	Financial statements 12/31/2006 EUR
Cash and cash equivalents	2,590,150	2,108,413
Marketable securities	631,625	631,625
Trade accounts receivable	5,130,869	4,659,500
Inventories	1,808,265	1,595,890
Prepaid expenses and other current assets	352,282	343,234
Current intangible assets	9,614	0
Total current assets	10,522,805	9,338,662
Property, plant and equipment	607,487	538,000
Intangible assets	3,609,574	3,663,395
Goodwill	2,351,125	2,351,125
Borrowings	449	0
Deferred taxes	2,843,779	3,059,258
Total non-current assets	9,412,414	9,611,778
Total assets	19,935,219	18,950,440
Liabilities and shareholders' equity		
Trade accounts payable	731,660	718,038
Advances received	10,500	0
Provisions	104,260	142,610
Deferred income and other current liabilities	2,522,390	2,712,497
Total current liabilities	3,368,810	3,573,145
Liabilities under long-term construction contracts	295,747	162,298
Deferred tax liabilities	1,507,442	1,281,129
Pension provisions	1,190,776	1,138,073
Other non-current liabilities	358,357	348,728
Total non-current liabilities	3,352,322	2,930,228
Share capital	5,637,198	5,599,998
Capital reserves	1,683,827	1,682,707
Treasury shares	– 273,375	0
Accumulated profits (incl. retained earnings)	6,166,437	5,164,362
Total shareholders' equity	13,214,087	12,447,067
Total liabilities and shareholders' equity	19,935,219	18,950,440

Consolidated Income Statement

According to IFRS as of June 30, 2007, unaudited

	Quarterly report II/ 2007 04/01/2007 – 06/30/2007 EUR	Quarterly report II/2006 04/01/2006 – 06/30/2006 EUR	Six-month report 2007 01/01/2007 – 06/30/2007 EUR	Six-month report 2006 01/01/2006 – 06/30/2006 EUR
Revenue	7,185,397	5,576,235	13,569,833	10,926,593
Other operating income	67,528	63,353	136,744	160,551
Other own work capitalized	478,717	590,923	1,130,814	1,184,930
Cost of purchased materials and services	– 1,807,944	– 1,270,708	– 3,354,441	– 2,512,538
Staff costs	– 3,572,018	– 3,358,092	– 7,022,592	– 6,689,189
Depreciation and amortization	– 806,022	– 823,619	– 1,495,422	– 1,641,995
Other operating expenses	– 837,016	– 974,623	– 1,755,333	– 1,919,797
Operating income/loss	708,642	– 196,531	1,209,603	– 491,445
Interest income and expenses	– 9,178	– 34,669	– 34,247	– 75,490
Result before income taxes	699,464	– 231,200	1,175,356	– 566,935
Income tax	– 312,832	58,036	– 456,235	155,422
Other taxes	13,379	7,652	–	–
Net income/loss (–)	400,011	– 165,512	719,121	– 411,513
Earnings per share (basic)	0,07	– 0,03	0,13	– 0,07
Earnings per share (diluted)	0,07	– 0,03	0,13	– 0,07
Average number of shares outstanding (basic)	5,637,198	5,499,998	5,637,198	5,499,998
Average number of shares outstanding (diluted)	5,637,198	5,523,960	5,637,198	5,524,370

Consolidated Cash Flow Statement

According to IFRS as of June 30, 2007, unaudited

	Six-month report 2007 01/01/2007 – 06/30/2007 TEUR	Six-month report 2006 01/01/2006 – 06/30/2006 TEUR
Cash flows from operating activities		
Net profit/loss for the period	719	– 412
Exchange differences recognized in equity	10	16
+ Depreciation/amortization	1,495	1,642
+/- Increase/decrease in provisions	240	– 221
– Changes in net working capital	– 509	– 813
= Net cash provided by operating activities	1,955	212
Cash flow from investing activities		
– Payments made for investments in self-produced intangible assets	– 1,267	– 1,369
– Payments made for investments in other intangible assets and in property, plant and equipment	– 244	– 151
= Net cash used in investing activities	– 1,511	– 1,520
Cash flows from financing activities		
+ Proceeds from capital increase	38	0
= Net cash provided by financing activities	38	0
+/- Increase/decrease in cash and cash equivalents	482	– 1,308
Cash and cash equivalents at beginning of period	2,740	4,729
= Cash and cash equivalents at end of period	3,222	3,421

Changes in Shareholders' Equity

01/01 – 06/30/2007

Thsd. TEUR	Share capital	Capital reserves	Retained earnings	Accumulated profits	Treasury shares	Total
Balance as of December 31, 2006	5,600	1,683	– 324	5,761	– 273	12,447
Capital increase (option plan)	37	1				38
Measurement of financial instruments			3			3
Currency translation			7			7
Net income 2007				719		719
Balance as of June 30, 2007	5,637	1,684	– 314	6,480	– 273	13,214

01/01 – 06/30/2006

Thsd. TEUR	Share capital	Capital reserves	Retained earnings	Accumulated profits	Treasury shares	Total
Balance as of December 31, 2005	5,500	1,476	– 532	7,123	–	13,567
Capital increase	–	–				–
Measurement of financial instruments						
Currency translation			16			16
Net income/loss 2006				– 412		– 412
Balance as of June 30, 2006	5,500	1,476	– 516	6,711	–	13,171

Notes to the Consolidated Financial Statements for Q2/2007

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

The German economy showed considerable growth the first half of 2007. The five leading economic research institutes forecast economic growth of 2.4 percent, or even beyond, for the remainder of the year. Regarding the development of Softing's business, we expect continued sales growth for both Automotive Electronics and Industrial Automation.

Investments in self-constructed intangible assets amounted to EUR 1.3 million in the first six months of 2007 (2006: EUR 1.4 million).

As of 06/30/2007, orders on hand in the Group totaled EUR 5.2 million (03/31/2007: EUR 5.2 million).

As of 06/30/2007, the Group had 210 employees (2006: 205). During the reporting period, no stock options were issued to employees.

Segment Reporting

As of June 30, 2007

	Quarterly report II/ 2007 04/01/2007 – 06/30/2007 EUR	Quarterly report II/2006 04/01/2006 – 06/30/2006 EUR	Six-month report 2007 01/01/2007 – 06/30/2007 EUR	Six-month report 2006 01/01/2006 – 06/30/2006 EUR
Automotive Electronics				
Revenue	3,586	2,417	6,578	4,995
Segment result (EBIT)	292	– 561	359	– 1,000
Depreciation/amortization	377	494	724	1,001
Segment assets	0	0	7,100	8,182
Segment liabilities	0	0	2,573	2,649
Capital expenditure (not including long-term investments)	340	358	745	821
Industrial Automation				
Revenue	3,600	3,160	6,992	5,932
Segment result (EBIT)	417	365	851	509
Depreciation/amortization	429	330	771	641
Segment assets	0	0	6,400	5,815
Segment liabilities	0	0	2,641	2,838
Capital expenditure (not including long-term investments)	313	359	710	657
Not distributed				
Revenue	–	–	–	–
Segment result (EBIT)	–	–	–	–
Depreciation/amortization	–	–	–	–
Segment assets	0	0	6,435	6,647
Segment liabilities	0	0	1,507	1,986
Capital expenditure (not including long-term investments)	14	26	56	42
Total				
Revenue	7,186	5,577	13,570	10,927
Segment result (EBIT)	709	– 196	1,210	– 491
Depreciation/amortization	806	824	1,495	1,642
Segment assets	0	0	19,935	20,644
Segment liabilities	0	0	6,721	7,473
Capital expenditure (not including long-term investments)	667	743	1,511	1,520

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