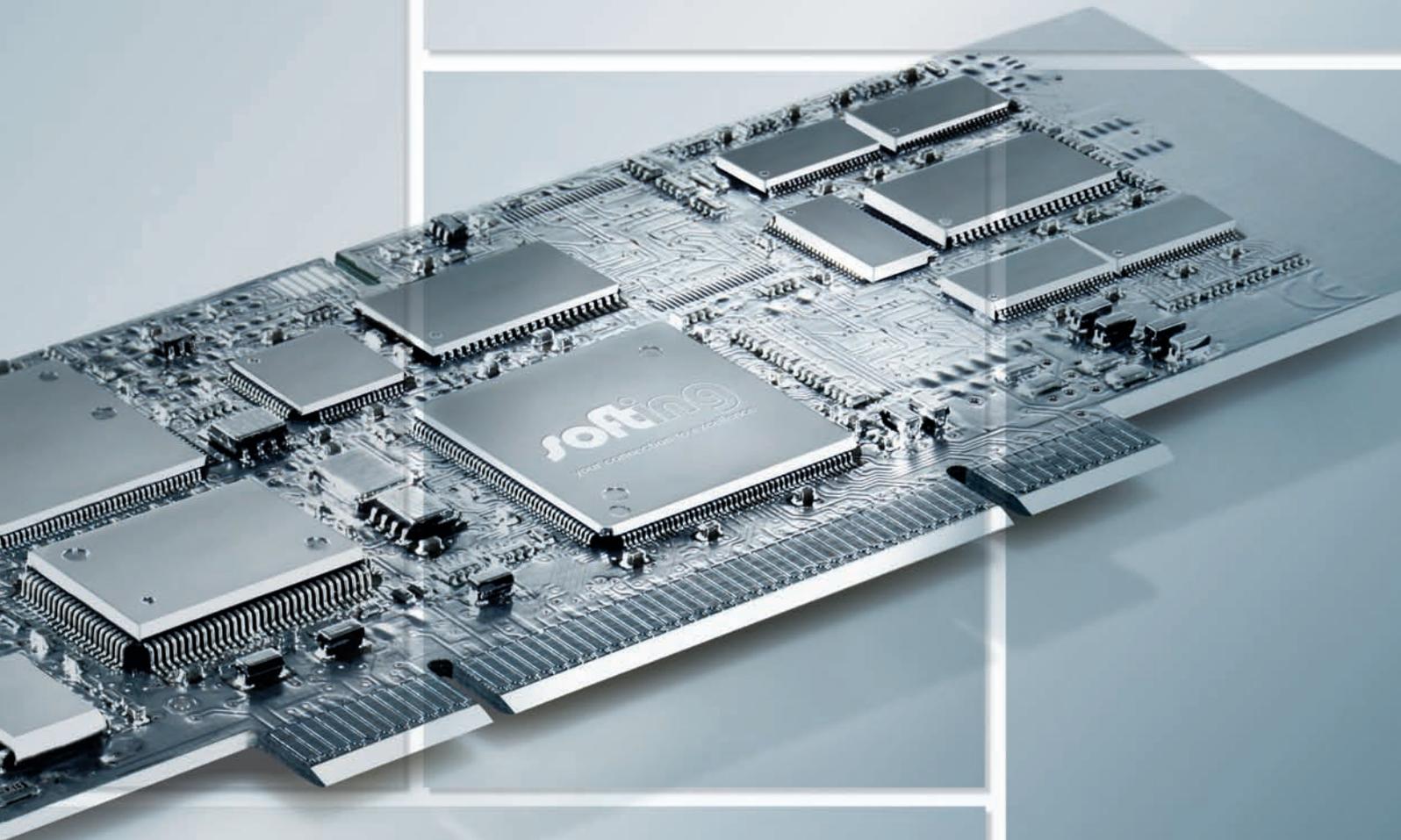


1/2010

Quarterly Financial Report



- ▶ Sales up more than 10%
- ▶ Earnings improved considerably



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

Following its deep plunge, the global economy has begun to recover - though it is climbing back up from a comparatively low level. For the time being, the economy is taking small steps in the direction of growth, but it remains to be seen how long this trend will continue. I am most concerned about the macroeconomic upheaval in the euro countries. The transfer of billions of euros in connection with the crisis in Greece - a transfer to the creditors which nationalizes their business risk, as I see it - is just the start.

But despite all concern and caution, the upward trend in the global economy over the past months is reflected in Softing's first-quarter figures - and that makes us very happy!

A comparison with the same quarter last year illustrates this turn for the better: All of Softing's key figures have improved, some of them substantially. Incoming orders were up by over 5 percent in the first quarter of 2010, rising from EUR 6.4 million in the previous year to EUR 6.7 million. Sales increased by more than 10 percent from EUR 6.2 million in the first quarter of 2009 to EUR 6.9 million. Our earnings amounted to EUR 0.15 million, up from EUR -0.84 million in the same period last year. And after recording a net loss of EUR -0.5 million in the first quarter of 2009, Softing achieved a net income of EUR 0.2 million in the first quarter of 2010.

The figures speak for themselves: Softing is back on a course of growth. With new products and stronger sales channels, we are confident that we will achieve a profitable overall result this year.

This year's Annual Shareholder Meeting will take place on May 31 in Munich. We will review the difficult past year, but we will also be making important decisions which will position the company to face forthcoming challenges and will set Softing's course for the future.

One important item at the Annual Shareholder Meeting will be the vote on a new Group structure. Softing's strategic goal is to be a leading company in the Industrial Automation (IA) and Automotive Electronics (AE) segments. Our operating business is handled by two divisions - IA and AE - which, however, are not legal entities themselves. To strengthen business and clarify the position of the subsidiaries, these divisions are to become limited liability companies under German law. Softing AG will assume the role of a management holding which manages the Group. This will boost our business in the medium and long term, promote the integration of the subsidiaries and ensure future opportunities in the M&A market.

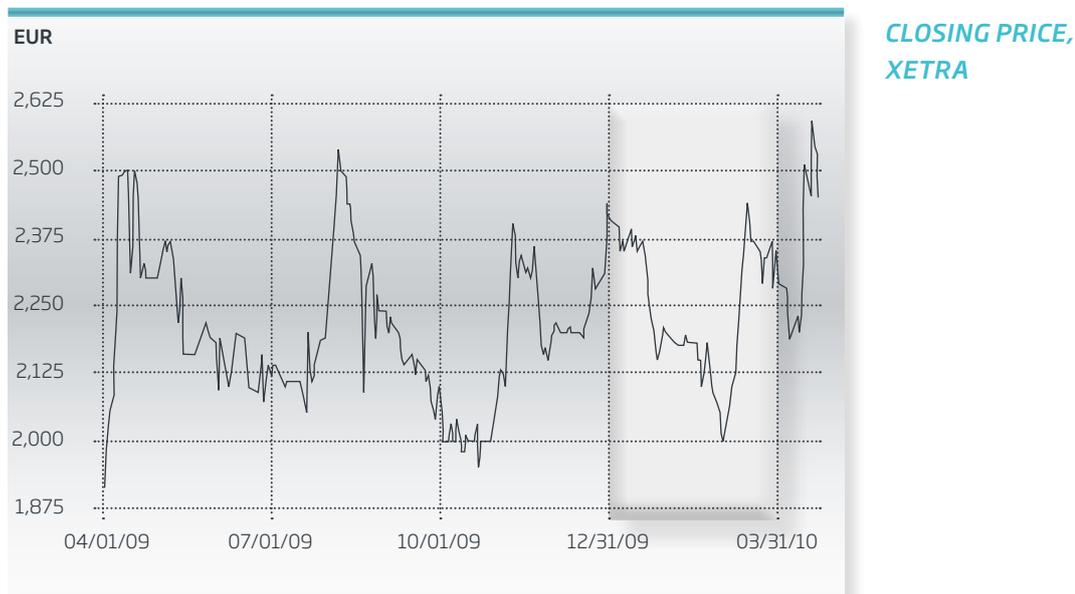
We hope that you, dear friends of Softing AG, remain committed to the company. We look forward to seeing many of you at our Annual Shareholder Meeting in Munich.

With warm regards,

A handwritten signature in black ink, consisting of a stylized 'W.' followed by a series of connected, sweeping lines that form a unique, cursive signature.

Dr. Wolfgang Trier
(Chairman of the Executive Board)

Stock price - Directors' Holdings - Financial calendar



DIRECTORS' HOLDINGS AS OF MARCH 31, 2010

Boards	Shares		Options	
	Mar. 31, 2010 Number	Dec. 31, 2009 Number	Mar. 31, 2009 Number	Dec. 31, 2009 Number
Supervisory Board				
Dr. Horst Schiessl (chairman), Attorney at Law, Munich	-	-	-	-
Michael Wilhelm (deputy chairman), CPA/tax advisor, Munich	-	-	-	-
Andreas Kratzer (member of the Supervisory Board)	8,000	8,000	-	-
Executive Board				
Dr.-Ing. Dr. rer. oec. Wolfgang Trier, Munich	888,205	831,205	574,507	574,507
Dr.-Ing. Michael Siedentop, Neutraubling	-	-	-	-

FINANCIAL CALENDAR

May 14, 2010	Quarterly Report 1/2010
May 31, 2010	General Shareholders' Meeting in Munich
August 13, 2010	Quarterly Report 2/2010
November 15, 2010	Quarterly Report 3/2010
December 22 - 24, 2010	German Equity Forum in Frankfurt/Main

Group Management Report for the 1/2010 Quarterly Financial Report

DIVISIONS AND GROUP STRUCTURE

Divisions

Experts expect the German economy to recover from its deepest recession since 1949 and record growth of around 1.5% in 2010. There were also signs of recovery in the manufacturing and automotive sectors, which were hit hardest by the global economic crisis. Softing therefore anticipates an increase in incoming orders and sales as well as positive earnings both in Automotive Electronics and Industrial Automation for 2010.

Earnings

Sales in the Automotive Electronics division in the first three months of 2010 rose by 4.9% to EUR 2.3 million (previous year: EUR 2.2 million). Industrial Automation even recorded a sales increase of 14.1% to EUR 4.5 million (previous year: EUR 4.0 million). The sales of the Softing Group thus rose by more than 10% to EUR 6.9 million in the first quarter of 2010 (previous year: EUR 6.2 million). EBIT in the reporting period came in at EUR 0.15 million (previous year: EUR -0.8 million). As of March 31, 2010, orders on hand in the Group totaled EUR 4.4 million (December 31, 2009: EUR 4.5 million).

Assets and Financial Position

The equity of the Softing Group rose by EUR 0.2 million to EUR 13.8 million in the first three months of 2010 (December 31, 2009: EUR 13.6 million). Cash and cash equivalents in the first quarter of 2010 declined by EUR 0.4 million to EUR 3.1 million, compared to EUR 3.5 million as of December 31, 2009.

Research and Product Development

In the first three months of 2010, Softing capitalized a total of EUR 0.7 million (previous year: EUR 0.6 million) for the development of new products and the enhancement of existing ones. Other significant amounts were expensed.

Employees

As of March 31, 2010, the Softing Group had 218 employees (previous year: 238). During the reporting period, no stock options were issued to employees.

Opportunities for the Future Development of the Company

As of the reporting date of March 31, 2010, the Company's risk structure had not deviated significantly from the description in the consolidated financial statements for the year ended December 31, 2009. Material changes are also not expected for the remaining nine months of 2010. For more information, please refer to our Group Management Report in the 2009 Annual Report, page 7 et seq.

Outlook

In summary, we can say that the recovery from the crisis expected in 2010 will result in increased sales and earnings at Softing as well. However, a more detailed outlook will not be possible until the second half of the year.

Events after the Balance Sheet Date

There were no events of special importance after the balance sheet date of March 31, 2010.

Consolidated Balance Sheet

According to IFRS as of March 31, 2010, unaudited

Assets	Quarterly report 03/31/2010 EUR	Financial statements 12/31/2009 EUR
Cash and cash equivalents	3,141,008	3,572,317
Marketable securities	600,000	600,000
Trade accounts receivable	4,387,205	4,089,186
Inventories	2,117,472	2,225,195
Prepaid expenses and other current assets	1,806,946	1,343,230
Total current assets	12,052,631	11,829,928
Property, plant and equipment	651,804	670,873
Intangible assets	4,814,201	4,744,097
Goodwill	2,438,952	2,438,952
Borrowings	3,805	0
Deferred taxes	1,744,548	1,845,003
Total non-current assets	9,653,310	9,698,925
Total assets	21,705,941	21,528,853
Liabilities and shareholders' equity	Quarterly report 03/31/2010 EUR	Financial statements 12/31/2009 EUR
Liabilities to banks	554,659	146,640
Trade accounts payable	1,125,855	1,403,029
Provisions	186,758	99,845
Income tax liabilities	22,721	174,644
Deferred income and other current liabilities	3,247,611	3,443,894
Total current liabilities	5,137,604	5,268,052
Liabilities under long-term construction contracts	274,944	161,735
Deferred taxes	1,351,947	1,406,769
Pension provisions	1,022,768	992,013
Other non-current liabilities	85,633	82,554
Total non-current liabilities	2,735,292	2,643,071
Issued capital	5,637,198	5,637,198
Capital reserves	1,683,820	1,683,820
Treasury shares	-1,336,254	-1,336,254
Minority interest	80,138	91,692
Accumulated profit (incl. retained earnings)	7,768,143	7,541,274
Total equity	13,833,045	13,617,730
Total liabilities and shareholders' equity	21,705,941	21,528,853

Consolidated Income Statement

According to IFRS as of March 31, 2010, unaudited

	Quarterly report I/2010 01/01/2010 - 03/31/2010 EUR	Quarterly report I/2009 01/01/2009 - 03/31/2009 EUR
Revenue	6,871,853	6,202,764
Other operating income	160,512	177,006
Other own work capitalized	686,500	568,115
Cost of purchased materials / services	-2,034,145	-1,318,943
Staff costs	-3,739,492	-4,492,665
Depreciation and amortization	-768,816	-687,152
Other operating expenses	-1,026,521	-1,292,221
Operating income/loss	149,891	-843,096
Interest income and expenses	-53,402	-647
Result before income taxes	96,489	-843,743
Income taxes	62,712	210,114
Other taxes	-968	0
Result before minority interest	158,233	-633,629
Minority interest	11,554	148,177
Net income / loss	169,787	-485,452
Earnings per share (basic)	0.03	-0.09
Earnings per share (diluted)	0.03	-0.09
Average number of shares outstanding (basic)	5,104,596	5,145,800
Average number of shares outstanding (diluted)	5,104,596	5,145,800

Consolidated Cash Flow Statement

According to IFRS as of March 31, 2010, unaudited

	Quarterly report I/2010 01/01/2010 - 03/31/2010 EUR (in thsds)	Quarterly report I/2009 01/01/2009 - 03/31/2009 EUR (in thsds)
Cash flow from operating activities		
Net income/loss	158	-634
Exchange differences recognized in equity	11	-3
+ Depreciation/amortization	769	687
+ Increase in provisions	63	63
+/- Change in net working capital	-1,016	13
= Net cash provided by operating activities	-15	126
Cash flow from investing activities		
- Acquisition of subsidiaries, less acquired cash and cash equivalents	0	-161
- Payments made for investments in self-produced intangible assets	-749	-629
- Payments made for investments in other intangible assets and in property, plant and equipment	-75	-69
= Net cash used in investing activities	-824	-859
Cash flow from financing activities		
- Buy-back of treasury shares	0	-305
+/- Proceeds from / payments for borrowings	408	-1
= Net cash provided by financing activities	408	-306
- Decrease in cash and cash equivalents	-431	-1,039
+ Cash and cash equivalents at beginning of period	4,172	5,567
= Cash and cash equivalents at end of period	3,741	4,528

Changes in Shareholders' Equity

01/01/2010 - 03/31/2010							
EUR (in thsds)	Issued capital	Capital reserves	Retained earnings	Accumulated profits	Treasury shares	Minority shares	Total
Balance as of December 31, 2009	5,637	1,684	-253	7,795	-1,336	91	13,618
Capital increase							-
Purchase of treasury shares							-
Measurement of financial instruments			46				46
Currency translation			11				11
Minority interest						-11	-11
Net income 2009				169			169
Balance as of March 31, 2010	5,637	1,684	-196	7,964	-1,336	80	13,833

01/01/2009 - 03/31/2009							
EUR (in thsds)	Issued capital	Capital reserves	Retained earnings	Accumulated profits	Treasury shares	Minority shares	Total
Balance as of December 31, 2008	5,637	1,684	25	9,471	-1,085	176	15,908
Capital increase							-
Purchase of treasury shares					-305		-305
Measurement of financial instruments			-20	-			-20
Currency translation			-3				-3
Minority interest						-172	-172
Net loss 2009				-485			-485
Balance as of March 31, 2009	5,637	1,684	2	8,986	-1,390	4	14,923

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR Q1/2010

This Quarterly Financial Report was prepared using the same accounting policies as in financial year 2009.

Segment Reporting

As of March 31, 2010

	Quarterly report I/2010 01/01/2010 - 03/31/2010 EUR (in thsds)	Quarterly report I/2009 01/01/2009 - 03/31/2009 EUR (in thsds)
Automotive Electronics		
Revenue	2,329	2,221
Segment result (EBIT)	-122	-918
Depreciation/amortization	202	194
Segment assets	5,045	5,548
Segment liabilities	2,106	2,045
Capital expenditure (not including long-term investments)	205	79
Industrial Automation		
Revenue	4,543	3,982
Segment result (EBIT)	272	75
Depreciation/amortization	567	493
Segment assets	9,397	9,091
Segment liabilities	3,838	3,403
Capital expenditure (not including long-term investments)	610	606
Not distributed		
Revenue	-	-
Segment result (EBIT)	-	-
Depreciation/amortization	-	-
Segment assets	7,210	7,277
Segment liabilities	1,929	1,545
Capital expenditure (not including long-term investments)	9	7
Total		
Revenue	6,872	6,203
Segment result (EBIT)	150	-843
Depreciation/amortization	769	687
Segment assets	21,652	21,916
Segment liabilities	7,873	6,993
Capital expenditure (not including long-term investments)	824	692

The division into business segments in accordance with IFRS 8 is shown in the table above.

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