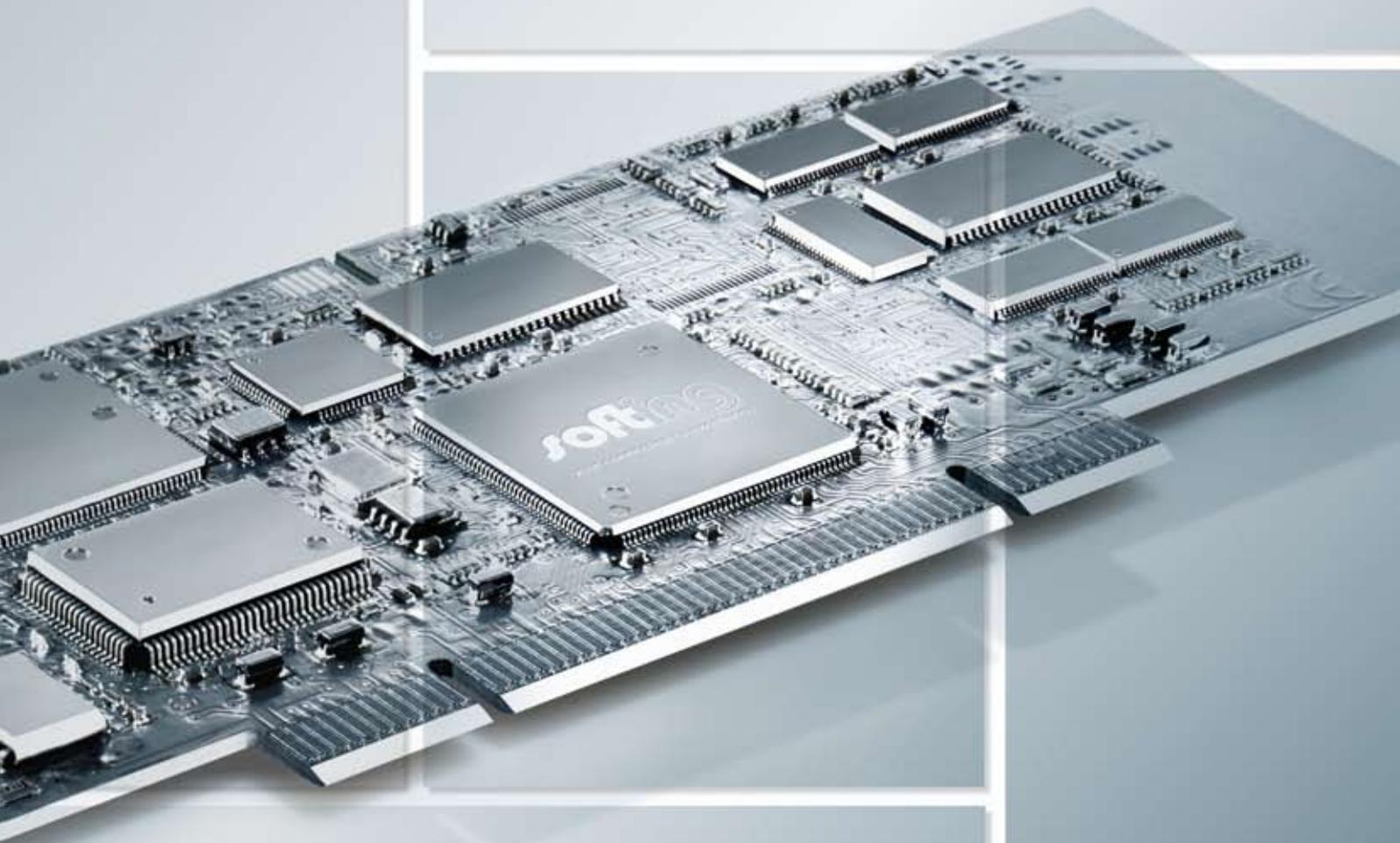


3/2010

Quarterly Financial Report



- ▶ First Nine Months of 2010:
Softing Continues to Grow
Sales up More than 26%



*Dear Shareholders, Employees,
Friends and Partners of Softing AG,*

By fall 2010, the mood in Germany had improved considerably and the economy was in excellent shape. Having spent many years prior to the crisis bringing up the rear in Europe, the German economy is now clearly in the lead with growth rates of over 3%. Turning the crisis into an opportunity: The German economy recognized the opportunities of the difficult last year and used them effectively. Germany is one of the main winners in this phase of global economic recovery, which is being driven primarily by Asia.

Softing AG's figures for the third quarter clearly reflect this economic cycle. Still, it is important not to forget that, although impressive, the growth rates of recent months have not yet returned us to the level preceding the onset of the financial and economic crisis.

On the basis of the current figures and the outlook for the near future, however, we are confident that Softing will experience a stable, sustained upswing.

Softing posted sales growth of almost 35% in the third quarter, with earnings up EUR 0.5 million year on year. All of our key figures indicate a definite upward trend: The figures for the first nine months of 2010 are also significantly higher than in the same period last year.

The table below compares the most important key figures for 2010 and 2009:

	Quarterly report III/2010	Quarterly report III/2009	Nine-months report 2010	Nine-months report 2009
Incoming orders	8.7	6.7	22.7	17.5
Sales	7.8	5.8	21.7	17.2
Earnings (EBIT)	0.5	0.0	0.7	-1.5
Net income/loss	0.4	0.1	0.6	-1.1
Earnings per share in EUR	0.08	0.02	0.11	-0.21

In the Industrial Automation segment, we can report pleasant sales growth of more than 32% to EUR 14.4 million (previous year: EUR 10.9 million), with earnings improving by EUR 1.3 million to EUR 0.75 million (previous year: EUR -0.58 million) in the first nine months.

Sales in the Automotive Electronics segment in the first nine month of 2010 rose by 16.3% to EUR 7.3 million (previous year: EUR 6.3 million). This segment contributed EUR 0.1 million to Softing's consolidated earnings, an increase of EUR 1.0 million compared with the previous year.

This is an extremely encouraging development, even if our profitability in 2010 is still quite some distance from our long-term goals. We need to give a substantial boost to our profitability – something that will present a challenge for Softing given the persistent pressure on margins and corresponding expectations by employees after two years of wage restraint. The labor market and acquisition of employees are our main focus. In the medium and long term, it will become increasingly difficult to find the highly qualified engineers and computer scientists we need for our work. There is a lot to be said for a policy that favors selective immigration of high performers over blanket inclusion in our welfare systems.

We are currently working systematically on reducing volatility at Softing Automotive Electronics GmbH, which has disproportionately

contributed to increasing the pressure on us in difficult times. Our goal is to broaden our core business, thereby reducing our dependence on individual projects. A number of opportunities have arisen in this regard that we will only be able to evaluate toward the end of the year.

Commercially, Softing has been back on a solid growth course for some time. Our aim now is to get the equity market to acknowledge this success and give it due credit. This is why, on November 23, we will present the potential of Softing to numerous analysts and institutional investors at the German Equity Forum of Deutsche Börse AG. This will contribute to enhancing the appreciation of Softing's shares.

At the same time, we will again participate in SPS/IPC/DRIVES in Nuremberg, which we believe is the most important automation trade show. There, we will be showcasing new products and services from our industrial automation business to secure further growth for 2011.

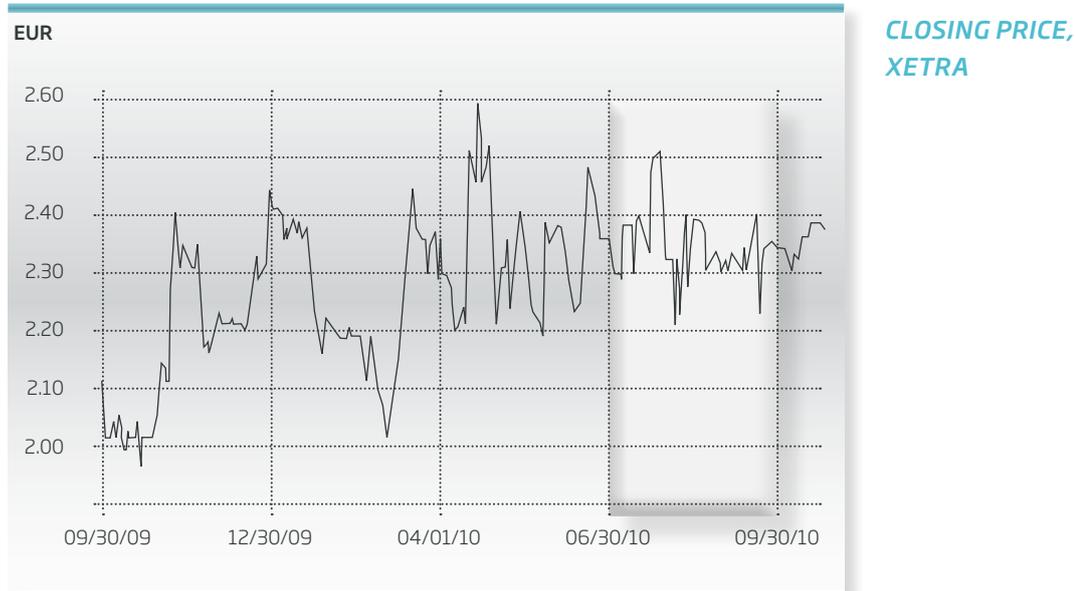
We hope that you, the friends of Softing, can look forward not only to continued positive business figures but also to a rising share price in the months to come. Stay committed to the Company!

With warm regards,



Dr. Wolfgang Trier
(Chairman of the Executive Board)

Stock Price - Directors' Holdings - Financial Calendar



DIRECTORS' HOLDINGS AS OF SEPTEMBER 30, 2010

Boards	Shares		Options	
	09/30/2010 Number	06/30/2010 Number	09/30/2010 Number	06/30/2010 Number
Supervisory Board				
Dr. Horst Schiessl (chairman), Attorney at Law, Munich	-	-	-	-
Michael Wilhelm (deputy chairman), CPA/tax advisor, Munich	-	-	-	-
Andreas Kratzer (member), CPA, Zurich (Switzerland)	8,000	8,000	-	-
Executive Board				
Dr.-Ing. Dr. rer. oec. Wolfgang Trier, Munich	-	-	-	-
Dr.-Ing. Michael Siedentop, Neutraubling	-	-	-	-

FINANCIAL CALENDAR

November 22 - 24, 2010	German Equity Forum in Frankfurt/Main
March 31, 2011	2010 Annual Report
May 13, 2011	Quarterly Report 1/2011
August 12, 2011	Quarterly Report 2/2011
November 15, 2011	Quarterly Report 3/2011

Group Management Report

for the 3/2010 Quarterly Financial Report

Economic Environment

Experts expect the German economy to recover considerably and record growth that is clearly in excess of 3.0% 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 a continued increase in incoming orders and sales as well as clearly positive earnings both in Automotive Electronics and Industrial Automation for the fourth quarter and 2010 as a whole.

Earnings

Sales in the Automotive Electronics segment rose by 16.3% to EUR 7.3 million (previous year: EUR 6.3 million) in the first nine months of 2010. In the Industrial Automation segment, sales even jumped by 32.5% to reach EUR 14.4 million (previous year: EUR 10.9 million). The sales of the Softing Group thus rose by more than 26% to EUR 21.7 million in the first nine months of 2010 (previous year: EUR 17.2 million). EBIT in the reporting period came in at EUR 0.7 million (previous year: EUR -1.5 million). As of September 30, 2010, orders on hand in the Group totaled EUR 5.4 million (June 30, 2010: EUR 4.5 million).

Assets and Financial Position

The equity of the Softing Group rose by EUR 0.6 million to EUR 14.2 million in the first nine months of 2010 (December 31, 2009: EUR 13.6 million). Cash and cash equivalents in the third quarter of 2010 increased by EUR 0.5 million to EUR 3.9 million. This compares to cash and cash equivalents of EUR 3.4 million or around 17% of last year's sales as of June 30, 2010.

Research and Product Development

In the first nine months of 2010, Softing capitalized a total of EUR 2.3 million (previous year: EUR 1.9 million) for the development of new products and the enhancement of existing ones. Other significant amounts were expensed.

Employees

As of September 31, 2010, the Group had 229 employees (previous year: 223). During the reporting period, no stock options were issued to employees or members of the Company's boards.

Opportunities for the Future Development of the Company

As of the reporting date of September 30, 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 three 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 Softing's market environment has recovered well and will benefit from the economic upswing in the coming months. Softing therefore expects to continue on its solid course of growth and to achieve clearly positive earnings at year's end.

Events after the Balance Sheet Date

There were no events of special importance after the balance sheet date of September 30, 2010.

Consolidated Balance Sheet

According to IFRS as of September 30, 2010, unaudited

Assets	Quarterly report 09/30/2010 EUR	Financial statements 12/31/2009 EUR
Cash and cash equivalents	3,328,409	3,572,317
Marketable securities	600,000	600,000
Trade accounts receivable	5,075,134	4,089,186
Inventories	2,236,931	2,225,195
Prepaid expenses and other current assets	2,026,987	1,343,230
Total current assets	13,267,461	11,829,928
Property, plant and equipment	593,964	670,873
Intangible assets	5,038,577	4,744,097
Goodwill	2,438,952	2,438,952
Borrowings	3,629	0
Deferred taxes	1,811,638	1,845,003
Total non-current assets	9,886,760	9,698,925
Total assets	23,154,221	21,528,853
Liabilities and shareholders' equity	Quarterly report 09/30/2010 EUR	Financial statements 12/31/2009 EUR
Other borrowings	288,475	146,640
Trade accounts payable	1,407,301	1,403,029
Liabilities arising from customer-specific construction contracts	186,751	161,735
Provisions	236,823	99,845
Income tax liabilities	39,523	174,644
Deferred income and other current liabilities	4,179,393	3,443,894
Total current liabilities	6,338,266	5,429,787
Deferred taxes	1,500,857	1,406,769
Employee benefits	1,084,279	992,013
Other non-current liabilities	57,177	82,554
Total non-current liabilities	2,642,313	2,481,336
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	94,739	91,692
Accumulated profit (incl. retained earnings)	8,094,139	7,541,274
Total equity	14,173,642	13,617,730
Total liabilities and shareholders' equity	23,154,221	21,528,853

Consolidated Income Statement

According to IFRS as of September 30, 2010, unaudited

	Quarterly report III/2010 07/01/2010 - 09/30/2010 EUR	Quarterly report III/2009 07/01/2009 - 09/30/2009 EUR	Nine-months report 2010 01/01/2010 - 09/30/2010 EUR	Nine-months report 2009 01/01/2009 - 09/30/2009 EUR
Revenue	7,804,286	5,782,190	21,747,615	17,184,341
Other operating income	109,669	179,769	535,667	532,292
Other own work capitalized	664,141	599,472	2,123,159	1,743,418
Cost of purchased materials / services	-2,303,505	-1,717,327	-6,430,899	-4,358,427
Staff costs	-3,920,714	-3,200,433	-11,567,312	-11,256,616
Depreciation and amortization	-772,697	-666,027	-2,322,813	-2,038,939
Other operating expenses	-1,034,752	-943,794	-3,347,316	-3,333,434
Operating income / loss	546,428	33,850	738,101	-1,527,365
Interest income and expenses	-20,517	-36,015	-96,034	-58,338
Result before income taxes	525,911	-2,165	642,067	-1,585,703
Income taxes	-121,297	112,510	-76,771	296,630
Other taxes	-464	-762	-2,069	-762
Result before minority interest	404,150	109,583	563,227	-1,289,835
Minority interest	-3,906	2,694	-3,047	198,335
Net income / loss	400,244	112,277	560,180	-1,091,500
Earnings per share (basic)	0.08	0.02	0.11	-0.21
Earnings per share (diluted)	0.08	0.02	0.11	-0.21
Average number of shares outstanding (basic)	5,104,596	5,104,596	5,104,596	5,091,132
Average number of shares outstanding (diluted)	5,104,596	5,104,596	5,104,596	5,091,132

Consolidated Cash Flow Statement

According to IFRS as of September 30, 2010, unaudited

	Nine-months report 2010 01/01/2010 - 09/30/2010 EUR (in thsds)	Nine-months report 2009 01/01/2009 - 09/30/2009 EUR (in thsds)
Cash flow from operating activities		
Net income/loss	563	-1,290
Exchange differences recognized in equity	4	-12
+ Depreciation/amortization	2,323	2,039
+ Increase in provisions	323	175
- Change in net working capital	-912	-782
= Net cash provided by operating activities	2,301	130
Cash flow from investing activities		
- Acquisition of subsidiaries, less acquired cash and cash equivalents	0	-348
- Payments made for investments in self-produced intangible assets	-2,336	-1,937
- Payments made for investments in other intangible assets and in property, plant and equipment	-209	-170
= Net cash used in investing activities	-2,545	-2,455
Cash flow from financing activities		
- Buy-back of treasury shares	0	-251
+ Proceeds from borrowings	0	201
= Net cash provided by financing activities	0	-50
- Decrease in cash and cash equivalents	-244	-2,375
+ Cash and cash equivalents at beginning of period	4,172	5,567
= Cash and cash equivalents at end of period	3,928	3,192

Changes in Shareholders' Equity

01/01/2010 - 09/30/2010							
EUR (in thsds)	Issued capital	Capital reserves	Retained earnings	Accumulated profits	Treasury shares	Minority interest	Total
Balance as of December 31, 2009	5,637	1,684	-253	7,795	-1,336	91	13,618
Purchase of treasury shares							-
Measurement of financial instruments			-12				-12
Currency translation			4				4
Minority interest						4	4
Net income 2010				560			560
Balance as of September 30, 2010	5,637	1,684	-261	8,355	-1,336	95	14,174

01/01/2009 - 09/30/2009							
EUR (in thsds)	Issued capital	Capital reserves	Retained earnings	Accumulated profits	Treasury shares	Minority interest	Total
Balance as of December 31, 2008	5,637	1,684	25	9,471	-1,085	176	15,908
Sale of treasury shares					-251		-251
Measurement of financial instruments			-23	-			-23
Currency translation			-12				-12
Minority interest						-222	-222
Net loss 2009				-1,092			-1,092
Balance as of September 30, 2009	5,637	1,684	-10	8,379	-1,336	-46	14,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR Q3/2010

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

Segment Reporting

As of September 30, 2010

	Quarterly report III/2010 07/01/2010 - 09/30/2010 EUR (in thsds)	Quarterly report III/2009 07/01/2009 - 09/30/2009 EUR (in thsds)	Nine-months report 2010 01/01/2010 - 09/30/2010 EUR (in thsds)	Nine-months report 2009 01/01/2009 - 09/30/2009 EUR (in thsds)
Automotive Electronics				
Revenue	2,572	2,092	7,346	6,312
Segment result (EBIT)	156	74	74	-948
Depreciation /amortization	203	145	635	478
Segment assets	-	-	5,769	5,555
Segment liabilities	-	-	2,081	1,905
Capital expenditure (not including long-term investments)	385	121	959	287
Industrial Automation				
Revenue	5,233	3,690	14,402	10,872
Segment result (EBIT)	477	-40	751	-579
Depreciation /amortization	491	521	1,609	1,561
Segment assets	-	-	9,879	9,568
Segment liabilities	-	-	3,986	3,119
Capital expenditure (not including long-term investments)	412	599	1,552	1,793
Not distributed				
Revenue	-	-	-	-
Segment result (EBIT)	-87	0	-87	0
Depreciation /amortization	79	0	79	0
Segment assets	-	-	7,506	6,263
Segment liabilities	-	-	2,913	2,054
Capital expenditure (not including long-term investments)	12	9	29	22
Total				
Revenue	7,805	5,782	21,748	17,184
Result (EBIT)	546	34	738	-1,527
Depreciation /amortization	773	666	2,323	2,039
Assets	-	-	23,154	21,386
Liabilities	-	-	8,980	7,078
Capital expenditure (not including long-term investments)	809	729	2,540	2,102

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

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