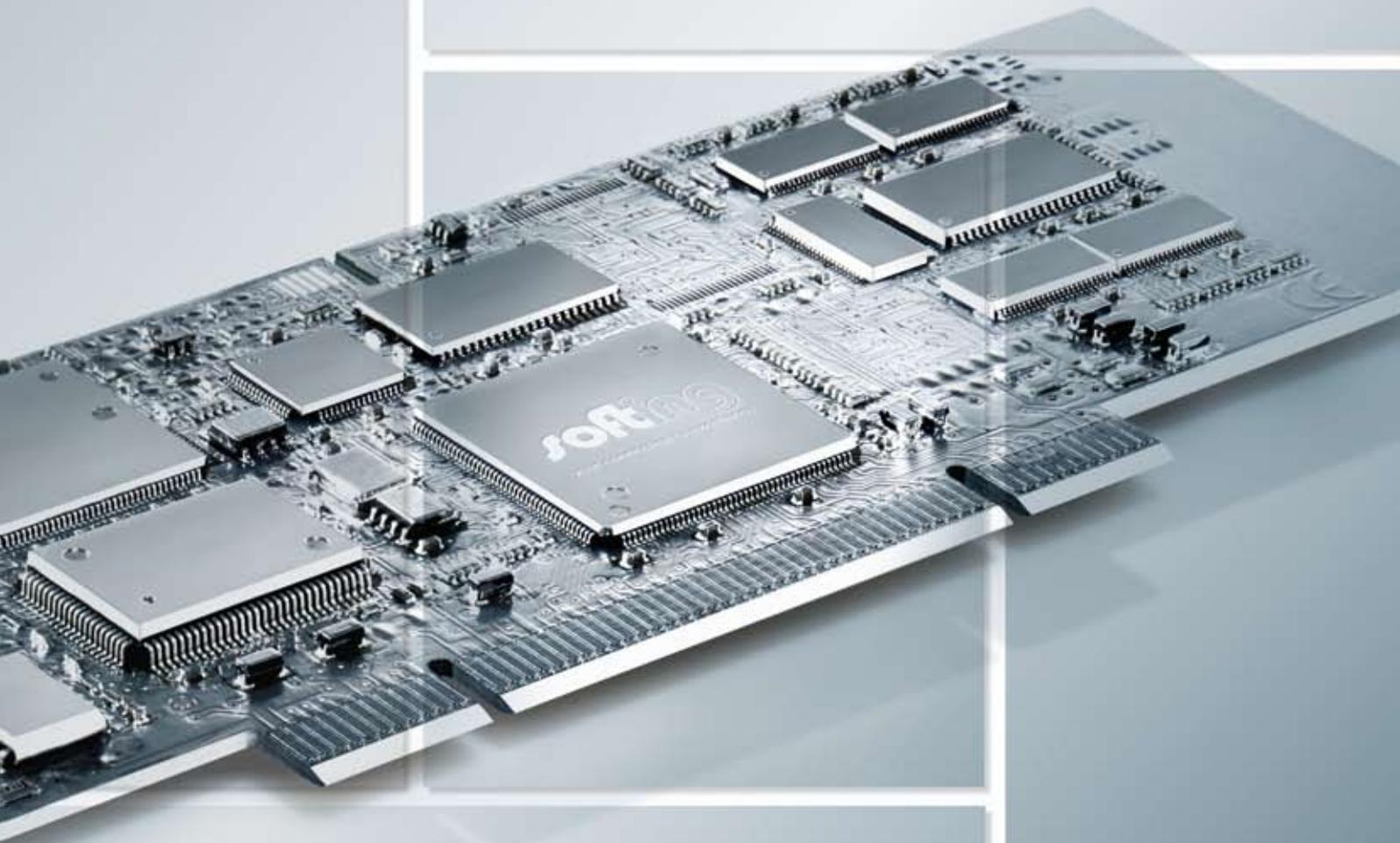


1/2011

# Quarterly Financial Report



- ▶ Sales up by more than 25 percent
- ▶ Earnings increased six-fold



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

Softing AG has experienced the best first quarter in its 32-year history. The figures speak for themselves: In the first three months of the year, Softing generated an operating result of just under EUR 1 million and a net income of EUR 0.7 million. Customer demand for services is brisk, and we are greatly benefiting from the fact that even during crisis periods we continued to develop new products, adjust our costs and expand our sales capacity worldwide.

All of Softing's key figures improved noticeably. Incoming orders were up almost 50 percent, reaching EUR 10.0 million (previous year: EUR 6.7 million). Sales increased by 26.8 percent, from EUR 6.9 million in the previous year to EUR 8.7 million. Earnings before interest and taxes (EBIT) were an encouraging EUR 0.94 million (EUR 0.15 million), while net income came to EUR 0.7 million (previous year: EUR 0.2 million). Earnings per

share were just under EUR 0.12. Softing's orders on hand were also up 23 percent, amounting to a notable EUR 6.9 million (EUR 5.6 million as of December 31, 2010).

As you can see in the accompanying segment report, both Industrial Automation and Automotive Electronics contributed to our business success. The vast majority of this business was generated with customers offering long-term prospects. This is especially pleasing because one of our main goals this year is to position the Automotive Electronics division for growth and sustainable earnings.

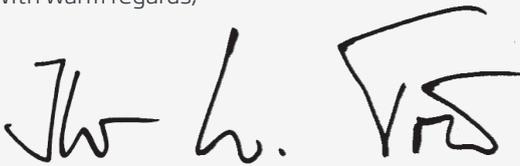
The figures from the first three months make us confident that we can reach our ambitious goals for 2011: We want to generate sales of around EUR 35 million. Our performance so far indicates that we will clearly surpass the target of an EBIT of "more than EUR 1.8 million" which was forecast in the annual report.

This year's Annual General Meeting will take place on May 20 in Munich. At the meeting, we will not only review the successful and eventful 2010 but, more importantly, Softing will pay a dividend for the first time in its history. The Executive Board and the Supervisory Board will propose paying a dividend of EUR 0.11. Even after payment of this dividend, Softing will have more than EUR 4 million in cash and cash equivalents. Softing continues to operate without debt.

Softing's success has been reflected in the market by our very positive share price performance. We feel this is appropriate and believe that our performance will justify a market capitalization in excess of EUR 30 million in the foreseeable future.

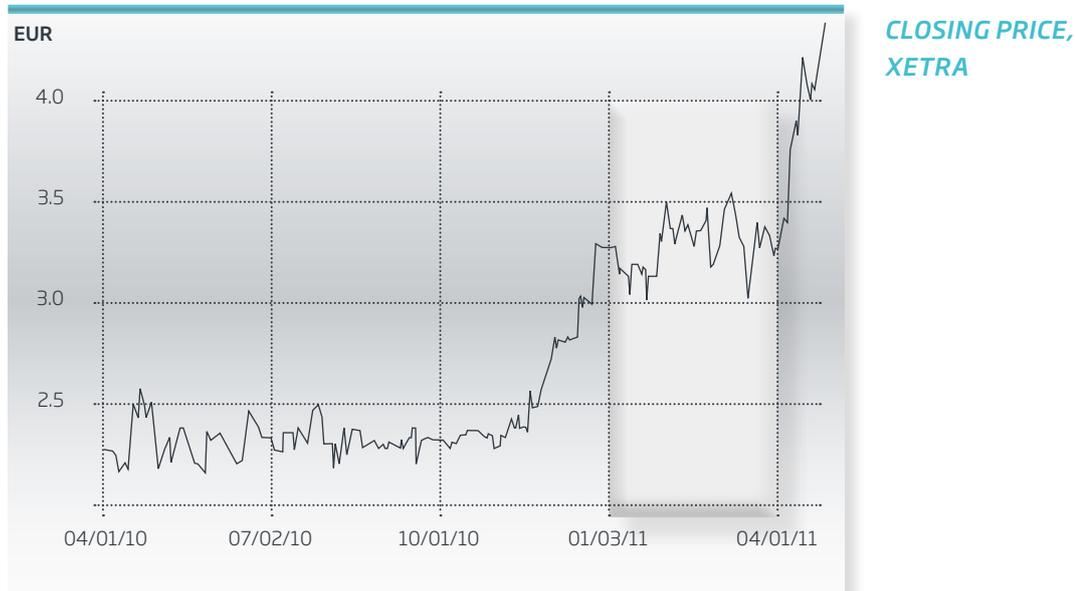
The first quarter has given us, the Executive Board and employees, the incentive to continue pursuing our ambitious plans at full throttle. We hope it gives you, our valued shareholders, the incentive to accompany us further along this successful journey.

With warm regards,

A handwritten signature in black ink, appearing to read 'J.W. Trier', written in a cursive style.

Dr. Wolfgang Trier  
(Chief Executive Officer)

## Stock price - Directors' Holdings - Financial calendar



### DIRECTORS' HOLDINGS AS OF MARCH 31, 2011

Boards	Shares		Options	
	Mar. 31, 2011 Number	Dec. 31, 2010 Number	Mar. 31, 2011 Number	Dec. 31, 2010 Number
<b>Supervisory Board</b>				
Dr. Horst Schiessl (chairman), Attorney at Law, Munich	-	-	-	-
Michael Wilhelm (deputy chairman), CPA/tax advisor, Munich	-	-	-	-
Dr. Klaus Fuchs (member of the Supervisory Board), graduate computer scientist / graduate engineer, Helfant, from February 03, 2011	225,000	225,000	-	-
<b>Executive Board</b>				
Dr.-Ing. Dr. rer. oec. Wolfgang Trier, Munich	400,515	400,515	-	-
Dr.-Ing. Michael Siedentop, Neutraubling	-	-	-	-

### FINANCIAL CALENDAR

May 13, 2011	Quarterly Report 1/2011
May 20, 2011	General Shareholders' Meeting in Munich
August 12, 2011	Quarterly Report 2/2011
November 15, 2011	Quarterly Report 3/2011
November 21 - 23, 2011	German Equity Forum in Frankfurt/Main

# Group Management Report

## for the 1/2011 Quarterly Financial Report

### Economic Environment

Experts expect the German economy to be robust in 2011 and generate growth clearly in excess of 2 percent. Industry and the automotive sector in particular will benefit from the excellent state of the economy. Softing therefore anticipates a further increase in incoming orders, sales and earnings both in Automotive Electronics and Industrial Automation for the full 2011 financial year.

### Earnings

Sales in the Automotive Electronics division in the first three months of 2011 rose by 37.4% to EUR 3.2 million (previous year: EUR 2.3 million). Industrial Automation recorded a sales increase of 21.4% to EUR 5.5 million (previous year: EUR 4.5 million). The sales of the Softing Group thus rose by more than 26.8% to EUR 8.7 million in the first quarter of 2011 (previous year: EUR 6.9 million). EBIT in the reporting period came in at EUR 0.9 million (previous year: EUR 0.1 million). As of March 31, 2011, orders on hand in the Group totaled EUR 6.8 million (December 31, 2010: EUR 5.6 million).

### Assets and Financial Position

The equity of the Softing Group rose by EUR 0.4 million to EUR 15.4 million in the first three months of 2011 (December 31, 2010: EUR 15.0 million). Cash and cash equivalents in the first quarter of 2011 increased by EUR 1.5 million to EUR 7.6 million, compared to EUR 6.1 million as of December 31, 2010.

### Research and Product Development

In the first three months of 2011, Softing capitalized a total of EUR 0.5 million (previous year: EUR 0.7 million) for the development of new products and the enhancement of existing ones. Other significant amounts were expensed.

### Employees

As of March 31, 2011, the Softing Group had 236 employees (previous year: 238). During the reporting period, no stock options were issued to employees.

### Opportunities for the Company's Future Development

As of the reporting date of March 31, 2011, the Company's risk structure had not deviated significantly from the description in the consolidated financial statements for the year ended December 31, 2010. Material changes are also not expected for the remaining nine months of 2011. For more information, please refer to our Group Management Report in the 2010 Annual Report, page 6 et seq.

### Outlook

Softing expects sales to increase by 10% to around EUR 35 million and EBIT to grow substantially to over EUR 1.8 million in 2011. The first quarter's figures lead us to believe that we will considerably surpass this EBIT target. Sales are forecast to rise to roughly the same extent in both the Automotive Electronics and the Industrial Automation segments.

### Events after the Balance Sheet Date

There were no events of special importance after the balance sheet date of March 31, 2011.

# Consolidated Balance Sheet

According to IFRS as of March 31, 2011, unaudited

Assets	Quarterly report 03/31/2011 EUR	Financial statements 12/31/2010 EUR
Cash and cash equivalents	5,754,787	4,274,684
Marketable securities	1,852,440	1,864,780
Trade accounts receivable	5,147,811	6,800,787
Inventories	2,372,441	2,032,767
Prepaid expenses and other current assets	1,457,311	1,299,632
<b>Total current assets</b>	<b>16,584,790</b>	<b>16,272,650</b>
Property, plant and equipment	618,513	611,258
Intangible assets	4,448,156	4,632,332
Goodwill	2,438,951	2,438,952
Borrowings	875,000	875,000
Deferred taxes	1,155,984	1,425,622
<b>Total non-current assets</b>	<b>9,536,604</b>	<b>9,983,164</b>
<b>Total assets</b>	<b>▶ 26,121,394</b>	<b>26,255,814</b>
Liabilities and equity	Quarterly report 03/31/2011 EUR	Financial statements 12/31/2010 EUR
Other borrowings	149,714	392,400
Trade accounts payable	1,686,485	1,579,255
Liabilities from customer-specific construction contracts	220,428	165,131
Provisions	218,720	113,014
Tax provisions	72,836	50,000
Deferred income and other current liabilities	4,623,130	5,234,874
<b>Total current liabilities</b>	<b>6,971,313</b>	<b>7,534,674</b>
Deferred tax liabilities	1,309,852	1,355,210
Employee benefits	1,175,501	1,146,034
Other financial liabilities	1,257,177	1,257,177
<b>Total non-current liabilities</b>	<b>3,742,530</b>	<b>3,758,421</b>
Issued capital	5,637,198	5,637,198
Capital reserves	1,683,820	1,683,820
Treasury shares	-771,735	-771,735
Minority interest	18,549	90,324
Accumulated profit (incl. retained earnings)	8,839,719	8,323,112
<b>Total equity</b>	<b>15,407,551</b>	<b>14,962,719</b>
<b>Total liabilities and shareholders' equity</b>	<b>▶ 26,121,394</b>	<b>26,255,814</b>

# Consolidated Income Statement

According to IFRS as of March 31, 2011, unaudited

	Quarterly report I/2011 01/01/2011 - 03/31/2011 EUR	Quarterly report I/2010 01/01/2010 - 03/31/2010 EUR
Revenue	8,714,812	6,871,853
Other operating income	3,285	160,512
Other own work capitalized	509,216	686,500
Cost of purchased materials / services	-2,174,316	-2,034,145
Staff costs	-4,026,517	-3,739,492
Depreciation and amortization	-829,725	-768,816
Other operating expenses	-1,257,108	-1,026,521
<b>Operating income/loss</b>	<b>939,647</b>	<b>149,891</b>
Interest income and expenses	422	-53,402
<b>Result before income taxes</b>	<b>940,069</b>	<b>96,489</b>
Income taxes	-281,556	62,712
Other taxes	-	-968
<b>Result before minority interest</b>	<b>658,513</b>	<b>158,233</b>
Minority interest	4,579	11,554
<b>Net income / loss</b>	<b>663,092</b>	<b>169,787</b>
Earnings per share (basic)	0.12	0.03
Earnings per share (diluted)	0.12	0.03
Average number of shares outstanding (basic)	5,329,596	5,104,596
Average number of shares outstanding (diluted)	5,329,596	5,104,596

# Consolidated Cash Flow Statement

According to IFRS as of March 31, 2011, unaudited

	Quarterly report I/2011 01/01/2011 - 03/31/2011 EUR (in thsds)	Quarterly report I/2010 01/01/2010 - 03/31/2010 EUR (in thsds)
<b>Cash flow from operating activities</b>		
Net income / loss	659	158
Exchange differences recognized in equity	-8	11
+ Depreciation / amortization	830	769
+ Increase in provisions	91	63
+/- Change in net working capital	549	-608
<b>= Net cash provided by operating activities</b>	<b>2,121</b>	<b>393</b>
<b>Cash flow from investing activities</b>		
- Acquisition of subsidiaries, less acquired cash and cash equivalents	0	0
- Payments made for investments in self-produced intangible assets	-541	-749
- Payments made for investments in other intangible assets and in property, plant and equipment	-113	-75
<b>= Net cash used in investing activities</b>	<b>-654</b>	<b>-824</b>
<b>Cash flow from financing activities</b>		
- Buy-back of treasury shares	0	0
+/- Proceeds from / payments for borrowings	0	0
<b>= Net cash provided by financing activities</b>	<b>0</b>	<b>0</b>
- Decrease in cash and cash equivalents	1,467	-431
+ Cash and cash equivalents at beginning of period	6,140	4,172
<b>= Cash and cash equivalents at end of period</b>	<b>7,607</b>	<b>3,741</b>

## Changes in Shareholders' Equity

01/01/2011 - 03/31/2011							
EUR (in thsds)	Issued capital	Capital reserves	Retained earnings	Accumulated profits	Treasury shares	Minority shares	Total
Balance as of December 31, 2010	5,637	1,684	-458	8,782	-772	90	14,963
Capital increase							-
Purchase of treasury shares							-
Measurement of financial instruments			-139				-139
Currency translation			-8				-8
Minority interest						-71	-71
Net income 2011				663			663
<b>Balance as of March 31, 2011</b>	<b>5,637</b>	<b>1,684</b>	<b>-605</b>	<b>9,445</b>	<b>-772</b>	<b>19</b>	<b>15,408</b>

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 2010				169			169
<b>Balance as of March 31, 2010</b>	<b>5,637</b>	<b>1,684</b>	<b>-196</b>	<b>7,964</b>	<b>-1,336</b>	<b>80</b>	<b>13,833</b>

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR Q1/2011

This Quarterly Financial Report was prepared using the same accounting policies as in financial year 2010.

# Segment Reporting

As of March 31, 2011

	Quarterly report I/2011 01/01/2011 - 03/31/2011 EUR (in thsds)	Quarterly report I/2010 01/01/2010 - 03/31/2010 EUR (in thsds)
<b>Automotive Electronics</b>		
Revenue	3,201	2,329
Segment result (EBIT)	416	-122
Depreciation/amortization	242	202
Segment assets	8,228	5,045
Segment liabilities	3,019	2,106
Capital expenditure (not including long-term investments)	217	205
<b>Industrial Automation</b>		
Revenue	5,514	4,543
Segment result (EBIT)	641	272
Depreciation/amortization	565	567
Segment assets	9,469	9,397
Segment liabilities	4,080	3,838
Capital expenditure (not including long-term investments)	389	610
<b>Not distributed</b>		
Revenue	-	-
Segment result (EBIT)	-117	-
Depreciation/amortization	23	-
Segment assets	8,425	7,210
Segment liabilities	3,615	1,929
Capital expenditure (not including long-term investments)	47	9
<b>Total</b>		
Revenue	8,715	6,872
Segment result (EBIT)	940	150
Depreciation/amortization	830	769
Segment assets	26,122	21,652
Segment liabilities	10,714	7,873
Capital expenditure (not including long-term investments)	653	824

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

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