

2/2012

Quarterly Financial Report



- ▶ Sales increased by more than 33 percent to EUR 24 million
- ▶ EBIT up 20 percent to EUR 2.4 million



Dear Shareholders, Friends and Partners of Softing AG,

Softing continues to grow unabated. Once again we have posted the best half-year results in the company's 33-year history. Expressed in figures, Softing increased its sales in the first six months by around 34 % to EUR 24.2 million and achieved an operating result of EUR 2.4 million and a net income of EUR 1.6 million.

The table below compares the most important key figures for 2012 and 2011:

As the segment report shows, the Industrial Automation and Automotive Electronics divisions contributed to this success in almost equal measure.

We want to mention one special achievement in the first half-year: In mid-July, we announced that we had acquired a large, strategically important contract in the Automotive Electronics segment. The world's largest automotive company, based in Germany, signed an agreement with Softing for the supply and maintenance of

All figures in EUR million	Quarterly report II/2012	Quarterly report II/2011	Six-months report 2012	Six-months report 2011
Incoming orders	13.5	10.5	27.0	20.5
Sales	11.6	9.3	24.2	18.1
Earnings (EBIT)	1.2	1.1	2.4	2.0
Net income	0.8	0.8	1.6	1.5
Earnings per share in EUR	0.14	0.15	0.30	0.27

the ODX software that is indispensable to modern automobile diagnostics. This agreement will bring in additional sales of up to EUR 2 million over the next three years and will give Softing a lasting technological foothold with the customer. A number of other contracts and agreements are due to be concluded in the second half of the year. These will fuel Softing's further growth starting in 2013. Successes like these show that Softing is in an outstanding technological and strategic position for the future.

We are all concerned by the political environment and the related economic environment that is relevant to Softing, with its constant attempts to hold Germany increasingly liable for the lack of structural reforms in southern Europe and France. Despite all the risks, we are convinced that Greece must now exit the euro zone. A completely deindustrialized country in which the largest private company is a Coca-Cola filling plant cannot share a currency with Germany. It is high time to opt for a painful end rather than endless pain with no prospects. The short-term costs of this have become completely irrelevant to the decision.

Despite these worries, automation and automotive remain growth markets. Germany's orientation on the world market is influencing this. We can confirm it, too: Our orders on hand have risen from EUR 8.05 million at the end of the year to EUR 10.3 million. This is a remarkable increase of 28.4%. We are therefore optimistic that we will surpass our already ambitious goals for 2012, and we are raising our guidance. Through organic growth, we want to achieve sales of significantly more than EUR 45 million and an EBIT of over EUR 4.8 million.

Softing's success story is reflected in its share price, which has risen to well over EUR 6. This means the share price has nearly doubled in the past 12 months. Assuming the capital markets remain stable, we see additional potential here in 2012 thanks to many new fields of activity and growth opportunities. Warburg Research foresees a price target of EUR 8, and we concur with this estimate.

The first half of the year has motivated us, the Executive Board and employees, to pursue our ambitious plans at full throttle. We hope that this is an incentive for you, our shareholders, to continue to profit from substantial share price rises and dividends.

With warm regards,

A handwritten signature in black ink, appearing to read 'J.W. Trier', with a stylized flourish at the end.

Dr. Wolfgang Trier
(Chief Executive Officer)

Stock Price - Directors' Holdings - Financial Calendar



DIRECTORS' HOLDINGS AS OF JUNE 30, 2012

Boards	Shares		Options	
	June 30, 2012 Number	March 31, 2012 Number	June 30, 2012 Number	March 31, 2012 Number
Supervisory Board				
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	273,886	225,000	-	-
Executive Board				
Dr.-Ing. Dr. rer. oec. Wolfgang Trier, Munich	23,231	20,328	-	-
Maximilian Prinz zu Hohenlohe- Waldenburg, Pfaffenhofen	-	-	-	-

FINANCIAL CALENDAR

August 14, 2012	Quarterly Report 2/2012
November 12 - 14, 2012	German Equity Forum
November 15, 2012	Quarterly Report 3/2012
March 29, 2013	2012 Annual Report
May 15, 2013	Quarterly Report 1/2013
August 14, 2013	Quarterly Report 2/2013
November 15, 2013	Quarterly Report 3/2013

Group Management Report

for the 2/2012 Quarterly Financial Report

Economic Environment

Experts expect the German economy to lose momentum in the second half of 2012. The Ifo Index in July fell from 105.2 to 102.3 points, and the euro crisis is increasingly burdening the German economy. Experts forecast growth clearly in excess of 1 percent for the year as a whole. Industry and the automotive sector in particular are still able to benefit from the 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 2012 financial year.

Earnings

Sales in the Automotive Electronics division in the first six months of 2012 rose by 66.4 % to EUR 11.4 million (previous year: EUR 6.8 million). Industrial Automation recorded a sales increase of 14.0 % to EUR 12.8 million (previous year: EUR 11.2 million). The strong increase in sales in Automotive Electronics is due in part to samtec automotive software & electronics GmbH, which was acquired in fall 2011. The sales of the Softing Group thus rose by more than 33.9 % to EUR 24.2 million in the first half of 2012 (previous year: EUR 18.1 million). EBIT in the reporting period came in at EUR 2.4 million (previous year: EUR 2.0 million). As of June 30, 2012, orders on hand in the Group totaled EUR 10.3 million (December 31, 2011: EUR 8.0 million).

Assets and Financial Position

The equity of the Softing Group rose by EUR 3.7 million to EUR 20.9 million in the first six months of 2012 (December 31, 2011: EUR 17.2 million). Cash and cash equivalents in the first half of 2012 increased by EUR 5.5 million to EUR 12.8 million, compared to EUR 7.3 million as of December 31, 2011.

Research and Product Development

In the first six months of 2012, Softing capitalized a total of EUR 1.4 million (previous year: EUR 1.1 million) for the development of new products and the enhancement of existing ones. Other significant amounts were expensed.

Employees

As of June 30, 2012, the Group had 300 employees (previous year: 248). During the reporting period, no stock options were issued to employees.

Opportunities for the Company's Future Development

As of the reporting date of June 30, 2012, the Company's risk structure had not deviated significantly from the description in the consolidated financial statements for the year ended December 31, 2011. Material changes are also not expected for the remaining six months of 2012. For more information, please refer to our Group Management Report in the 2011 Annual Report, page 4 et seq.

Outlook

Due to the excellent first half-year and the continued high number of incoming orders, Softing raises its guidance for the current year. The Executive Board now assumes that Softing will record sales well in excess of EUR 45 million and earnings before interest and taxes (EBIT) of around EUR 4.8 million in 2012. Once the figures for the third quarter are available, the Executive Board will examine whether there is potential for further raising its guidance.

Events after the Balance Sheet Date

There were no events of special importance after the reporting date of June 30, 2012.

Consolidated Balance Sheet

According to IFRS as of June 30, 2012, unaudited

Assets	Quarterly report 06/30/2012 EUR	Financial statements 12/31/2011 EUR
Cash and cash equivalents	12,754,477	7,300,619
Marketable securities	1,035,713	1,241,780
Trade accounts receivable	7,545,619	8,294,759
Inventories	3,731,499	3,642,318
Prepaid expenses and other current assets	882,873	1,006,093
Total current assets	25,950,181	21,485,569
Property, plant and equipment	1,157,678	1,125,473
Intangible assets	4,516,730	4,296,683
Goodwill	2,438,952	2,438,952
Borrowings	875,000	875,000
Deferred taxes	21,950	730,034
Total non-current assets	9,010,310	9,466,142
Total assets	▶ 34,960,491	30,951,711
Liabilities and equity	Quarterly report 06/30/2012 EUR	Financial statements 12/31/2011 EUR
Other borrowings	1,598,643	1,655,577
Trade accounts payable	2,151,841	2,668,814
Liabilities from customer-specific construction contracts	282,490	187,180
Provisions	281,009	281,009
Tax provisions	387,246	430,953
Deferred income and other current liabilities	7,073,399	6,210,015
Total current liabilities	11,774,628	11,433,548
Deferred tax liabilities	1,115,251	1,189,592
Employee benefits	1,094,993	1,021,967
Other financial liabilities	107,695	107,695
Total non-current liabilities	2,317,939	2,319,254
Issued capital	6,442,512	5,637,198
Capital reserves	4,396,103	1,683,820
Treasury shares	-771,735	-771,735
Minority interest	-7,129	10,115
Accumulated profit (incl. retained earnings)	10,808,173	10,639,511
Total equity	20,867,924	17,198,909
Total liabilities and shareholders' equity	▶ 34,960,491	30,951,711

Consolidated Income Statement

According to IFRS as of June 30, 2012, unaudited

	Quarterly report II/2012 04/01/2012 - 06/30/2012 EUR	Quarterly report II/2011 04/01/2011 - 06/30/2011 EUR	Six-months report 2012 01/01/2012 - 06/30/2012 EUR	Six-months report 2011 01/01/2011 - 06/30/2010 EUR
Revenue	11,639,544	9,337,698	24,169,739	18,052,510
Other operating income	205,796	523,048	431,418	526,333
Other own work capitalized	722,826	523,754	1,418,878	1,032,970
Cost of purchased materials/services	-3,590,499	-2,733,097	-7,071,861	-4,907,413
Staff costs	-5,523,112	-4,415,474	-11,728,680	-8,441,991
Depreciation and amortization	-860,821	-769,276	-1,651,146	-1,599,001
Other operating expenses	-1,388,637	-1,384,616	-3,160,285	-2,641,724
Operating income	1,205,097	1,082,037	2,408,063	2,021,684
Interest income and expenses	-22,581	19,197	-71,172	19,619
Result before income taxes	1,182,516	1,101,234	2,336,891	2,041,303
Income taxes	-418,986	-296,426	-729,274	-577,982
Other taxes		-475		-475
Result before minority interest	763,530	804,333	1,607,617	1,462,846
Minority interest	-1,037	-8,532	17,243	-3,953
Net income / loss	762,493	795,801	1,624,860	1,458,893
Earnings per share (basic)	0.14	0.15	0.30	0.27
Earnings per share (diluted)	0.14	0.15	0.30	0.27
Average number of shares outstanding (basic)	5,391,425	5,329,596	5,360,510	5,329,596
Average number of shares outstanding (diluted)	5,391,425	5,329,596	5,360,510	5,329,596

Consolidated Cash Flow Statement

According to IFRS as of June 30, 2012, unaudited

	Six-months report 2012 01/01/2012 - 06/30/2012 EUR (in thsds)	Six-months report 2011 01/01/2011 - 06/30/2011 EUR (in thsds)
Cash flow from operating activities		
Net income/loss	1,608	1,463
Exchange differences recognized in equity	-7	-16
+ Depreciation/amortization	1,652	1,599
+ Increase in provisions	-2	88
+/- Change in net working capital	2,028	-425
= Net cash provided by operating activities	5,279	2,709
Cash flow from investing activities		
- Payments made for investments in self-produced intangible assets	-1,544	-1,135
- Payments made for investments in other intangible assets and in property, plant and equipment	-361	-447
= Net cash used in investing activities	-1,905	-1,582
Cash flow from financing activities		
Dividend payment	-1,439	-620
- Buy-back of treasury shares	3,518	
= Net cash provided by financing activities	2,079	-620
- Increase/decrease in cash and cash equivalents	5,453	507
+ Cash and cash equivalents at beginning of period	7,301	6,140
= Cash and cash equivalents at end of period	12,754	6,647

Changes in Shareholders' Equity

01/01/2012 - 06/30/2012							
EUR (in thsds)	Issued capital	Capital reserves	Retained earnings	Accumulated profits	Treasury shares	Minority shares	Total
Balance as of December 31, 2011	5,637	1,684	2,968	7,672	-772	10	17,199
Capital increase	806	2,712					3,518
Dividend payment			-1,439				-1,439
Available-for-sale financial assets			-11				-11
Currency translation				-7			-7
Minority interest						-17	-17
Net income 2011				1,625			1,625
Balance as of June 30, 2011	6,443	4,396	1,518	9,290	-772	-7	20,868

01/01/2011 - 06/30/2011							
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
Purchase of treasury shares							-
Dividend payment				-620			-620
Measurement of financial instruments			-149				-149
Currency translation			-16				-16
Minority interest						-63	-63
Net income 2010				1,459			1,459
Balance as of June 30, 2011	5,637	1,684	-623	9,621	-772	27	15,574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR Q2/2011

This Quarterly Financial Report was prepared using the same accounting policies as in financial year 2011.

Segment Reporting

As of June 30, 2012

	Quarterly report II/2012 04/01/2012 - 06/30/2012 EUR	Quarterly report II/2011 04/01/2011 - 06/30/2011 EUR	Six-months report 2012 01/01/2012 - 06/30/2012 EUR	Six-months report 2011 01/01/2011 - 06/30/2011 EUR
Automotive Electronics				
Revenue	5,168	3,649	11,395	6,849
Segment result (EBIT)	440	559	1,084	932
Depreciation /amortization	213	155	424	396
Segment assets	47	189	10,555	8,416
Segment liabilities	677	112	5,257	3,131
Capital expenditure (not including long-term investments)	459	209	854	427
Industrial Automation				
Revenue	6,472	5,689	12,775	11,203
Segment result (EBIT)	785	523	1,324	1,090
Depreciation /amortization	576	594	1,144	1,159
Segment assets	565	191	11,023	9,660
Segment liabilities	-366	23	4,345	4,103
Capital expenditure (not including long-term investments)	493	455	986	844
Not distributed				
Revenue	-	-	-	-
Segment result (EBIT)	-	-	-	-
Depreciation /amortization	72	20	83	44
Segment assets	2,132	-420	13,383	8,005
Segment liabilities	-366	-341	4,490	3,274
Capital expenditure (not including long-term investments)	36	240	65	287
Total				
Revenue	11,640	9,338	24,170	18,052
Segment result (EBIT)	1,225	1,082	2,408	2,022
Depreciation /amortization	861	769	1,651	1,599
Segment assets	2,744	-40	34,961	26,081
Segment liabilities	-55	-206	14,092	10,508
Capital expenditure (not including long-term investments)	988	904	1,905	1,558

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

Softing AG
Investor Relations
Richard-Reitzner-Allee 6 / 85540 Haar / Germany
Phone +49 89 45656-0 / Fax +49 89 45656-492
E-mail: InvestorRelations@softing.com
www.softing.com