

Process Innovation for the Digital Enterprise



KEY FIGURES — FIRST QUARTER 2012

KEY FIGURES (IFRS, unaudited) as of March 31, 2012

in € millions	Q1 2012	Q1 2011	Change in %
Revenue	254.6	272.6	-7
By type			
Licenses	65.3	71.2	-8
Maintenance	96.3	93.0	4
Services and other revenue	93.0	108.4	-14
By business line			
Enterprise Transaction Systems (ETS)	124.3	123.9	0
Business Process Excellence (BPE)	94.4	96.8	-2
IDS Scheer Consulting (IDSC)	35.9	51.9	-31
EBIT	54.8	60.2	-9
as % of revenue	21.5	22.1	
Net income	35.9	40.0	-10
as % of revenue	14.1	14.7	
Earnings per share in € (basic)	0.41	0.47	-13
Earnings per share in € (diluted)	0.41	0.46	-11
Free cash flow	59.1	49.1	20
Total assets	1,701.2	1,616.0	5
Cash and cash equivalents	272.3	144.2	89
Net debt	6.3	121.6	-95
Shareholders' equity	974.6	800.0	22
as % of total assets	57	50	
Employees (full-time equivalents)	5,498	5,534	-1
of which in Germany	1,835	1,990	-8
R&D	884	822	8

PIONEER AND MARKET LEADER

Software AG is the global leader in Business Process Excellence. Our 40 years of innovation include the invention of the first high-performance transactional database, Adabas; the first business process analysis platform, ARIS; and the first B2B server and SOA-based integration platform, webMethods.

We are unique in offering the world's only end-to-end and easiest-to-use business process management (BPM) solutions, with the lowest total cost of ownership. Our industry-leading brands, ARIS, webMethods, Adabas, Natural, CentraSite and IDS Scheer Consulting, represent a unique portfolio for process design, implementation and control; SOA-based integration and data management; process-driven SAP implementation; and strategic process consulting and services.

CONTENTS

INTERIM MANAGEMENT REPORT	1	NOTES TO THE INTERIM FINANCIAL STATEMENTS	11
1 Significant Events During the Reporting Period	1	General	11
2 Financial Performance	2	Notes to the Consolidated Balance Sheet	11
3 Financial Position	4	Other Disclosures	12
4 Opportunities and Risks	4	Responsibility Statement	16
5 Events After the Balance Sheet Date	4	SERVICES	17
6 Outlook	4	Financial Calendar	17
INTERIM FINANCIAL STATEMENTS	5	Publication Credits	18
Consolidated Balance Sheet	5		
Consolidated Income Statement	6		
Consolidated Statement of Cash Flows	7		
Statement of Comprehensive Income	8		
Consolidated Statement of Changes in Equity	9		

INTERIM MANAGEMENT REPORT

Software AG's segment reporting is prepared in accordance with IFRS 8 (Segment Reporting). Segmentation is by business line and corresponds to the Group's internal controlling and reporting lines. Accordingly, Software AG reports on the business lines: Enterprise Transaction Systems (with the ADABAS and NATURAL product families), Business Process Excellence (with the webMethods and ARIS product families) and IDS Scheer Consulting (with a focus on SAP consulting).

1 SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

1.1 TECHNOLOGY

Big data management strategy unveiled

Software AG presented its strategy for the next generation of big data management at CeBIT 2012 (Hannover, Germany), the largest IT fair in the world. The new in-memory technology gives customers data access up to 1,000 times faster than with existing technologies. The rapid processing of up to several terabytes of data enables extremely fast response times and real-time process monitoring. Central to the strategy is a platform that uses Software AG's in-memory technology to access huge amounts of data of any type and from any source in real time. This enables interruption-free presentation of highly complex process flows and very large data volumes. Businesses can therefore speed up their reaction times significantly and realize competitive advantages faster.

Certification for Hewlett-Packard cloud platform (cCell Services)

Software AG also announced at CeBIT the upcoming certification of its products for Hewlett-Packard's (HP) new cloud offering, cCell Services. This certification will allow Software AG customers currently running on HP to migrate smoothly to HP's new cloud platform. It will give them a broader range of options for deploying their leading business process optimization software solutions. The new deployment option will be available in mid-2012.

Global ARIS Program for the next generation of business leaders

Managers of tomorrow need future-proof leadership tools. Software-based business process optimization is a key technology for gaining an edge in global markets; and Software AG's product portfolio includes ARIS, the leading product for achieving this. In the first quarter of 2012, the company launched the ARIS Program, which will initially provide German universities with the software free of charge. The ARIS University Program is aimed at preparing business management students for the growing importance of business process optimization in today's global business world.

1.2 SOFTWARE AG RECOGNIZED AS A TECHNOLOGY LEADER Business process analysis tools ranked as leading technology

Software AG was positioned in the Leaders Quadrant by Gartner, Inc., a leading U.S. industry analyst firm, in its report, "Magic Quadrant for Business Process Analysis Tools," released in the first quarter of 2012. Gartner defines ARIS as the leading development environment for business process analysis (BPA). BPA enables business professionals and IT analysts to collaborate on IT architecture, transformation and improvement of business processes. With the ARIS platform, Software AG delivers a feature-rich portfolio well known for its long-standing leadership in BPA, offering a tool set to support companies in their optimization initiatives through process analysis, design and modeling.

Highest score for Software AG SOA governance solution

Software AG achieved a further top ranking in January 2012. "The Forrester Wave™: Integrated SOA Governance, Q1 2012" by Forrester Research, Inc. named Software AG as a Leader and gave it the highest score on strategy. SOA governance includes the activities, decisions, roles and responsibilities involved in the regulation and monitoring of service-oriented IT architectures (SOA). Furthermore, Forrester also positioned Software AG as a Leader in the report entitled "The Forrester Wave™: SOA Service Life-Cycle Management, Q1 2012," based on the strength of its CentraSite™ repository. Forrester's rankings confirm the high-tech company's strong strategy and end-to-end functionality, with a particularly powerful central repository for storage and description of digital objects.

1.3 COOPERATION AND PARTNERSHIPS

Mass data billing system for increased efficiency

In cooperation with Logica, SAP and DigitalRoute, Software AG developed a new mass data billing system (MDB). It aims to solve the many unique billing and compensation challenges — such as issues related to mass data collection, transactional volumes and varying tariffs — faced by clients in industries including telecommunications, utilities, transportation and logistics.

The MDB system is available via a multi-tenant, software-as-a-service (SaaS) platform, through which users access the system remotely over the Internet. This on-demand billing structure allows organizations to grow revenue while drastically cutting costs.

1.4. STRATEGIC DEVELOPMENT OF IDS SCHEER CONSULTING

As previously announced, Software AG reviewed strategic options for the further development of its global IDS Scheer Consulting business and decided to convert IDS Scheer Consulting to an independently operating entity with an

innovative partner management structure. This reflects Software AG's commitment to future growth through the continuity and stability of its customer relationships and to providing customers with the industry's top specialist in SAP services and consulting.

Center of Excellence for business process optimization in SAP environments

IDS Scheer Consulting's recently opened Center of Excellence (CoE) quickly and efficiently identifies business processes that benefit from SAP'S new HANA technology. The CoE team's comprehensive knowledge includes transferring the various products, solutions and services that customers have in heterogeneous IT environments to the SAP HANA platform. Mission-critical processes that need to be accelerated can then access the new SAP platform and build business scenarios that require very large amounts of data including, for example, planning simulations or real-time analysis of financial data.

2 FINANCIAL PERFORMANCE

2.1 FIRST-QUARTER 2012 FINANCIAL RESULTS CONFIRM EXPECTATIONS

The company's software product business (licenses and maintenance) reported total revenue of €161.5 (Q1 2011: €164.2) million, nearly matching the record performance of the first quarter of 2011. The maintenance business achieved the strongest growth and, at €96.3 million, exceeded the record results from the first quarter of 2011 (€93.0 million). License revenue in the quarter under review totaled €65.2 (Q1 2011: €71.2) million. The services business, which consists of Global Consulting Services and IDS Scheer Consulting, posted revenue of €92.7 (Q1 2011: €106.4) million.

2.2 REVENUE AND EARNINGS BY BUSINESS LINE (SEGMENT REPORT)

Business Process Excellence (BPE)

The Business Process Excellence (BPE) business line broke a new record in the first quarter of 2012 with revenue totaling €124.3 (Q1 2011: €123.9) million. Product revenue for integration and process software (webMethods and ARIS) grew to €80.5 (Q1 2011: €79.4) million thanks to strong maintenance revenue. Maintenance revenue increased by 4.6 percent to reach €44.9 (Q1 2011: €40.3) million. The positive trend in the license business in the EMEA and DACH regions was offset by a decline in North America. License revenue in the first quarter was €35.7 (Q1 2011: €39.1) million. Software AG expects positive results in the U.S. in the second half of 2012 as a result of adjustments to the sales organization.

Services in the quarter under review generated €43.8 million in revenue.

Operating income before research and development costs was €46.5 (Q1 2011: €48.4) million due to investments in sales and marketing activities. Total segment earnings were €28.9 million.

Enterprise Transaction Systems (ETS)

The growth phase of Software AG's traditional database business, known as Enterprise Transaction Systems (ETS), which had been buoyed by geographic expansion, ended in 2010. The goal of this business line is sustained stability within the customer base combined with expansion of the maintenance offering. License revenue was satisfactory at €28.7 (Q1 2011: €30.4) million. ETS maintenance revenue was just shy of hitting its record result from the same quarter

in 2011 at €47.6 (Q1 2011: €48.6) million. Services revenue was on par with the same quarter last year at €17.8 (Q1 2011: €17.5) million. Total ETS revenue exceeded expectations at €94.4 (Q1 2011: €96.8) million.

The ETS business line made a total contribution of €52.4 (Q1 2011: €53.3) million to Group operating earnings and achieved a profit margin of 55.5 percent.

IDS Scheer Consulting (IDSC)

The IDS Scheer Consulting business line posted first-quarter revenue of €35.8 (Q1 2011: €51.9) million. The withdrawal from unprofitable markets such as China and Russia and the general focus on profitable projects resulted in a reduction of revenue. Cost adjustments could not be fully implemented in the quarter. The business line's segment earnings therefore dropped year on year to €-2.8 million.

Earnings performance (EBIT)

Software AG significantly increased BPE business line investment (by €7 million) in R&D, marketing and sales in the first quarter of 2012, laying the foundation for accelerated global growth with new products. The company also further optimized administrative costs, reporting a €2.6 million decrease in administrative expenses to €15.5 million. Software AG achieved an EBIT margin of 21.5 percent and an EBIT of €54.8 (Q1 2011: €60.2) million.

Net income and earnings

Net income in the first quarter of 2012 was €35.9 (Q1 2011: €40.0) million, and earnings per share were €0.41 (Q1 2011: €0.47). Compared to the first quarter of 2010, which exhibited a seasonally typical structure, net income grew €7.9 million (2010: €28 million).

3 FINANCIAL POSITION

3.1 CASH FLOW

Free cash flow increased in the first quarter of the year by 20 percent to €59.1 million. Operating cash flow in the same period rose to €61.0 (Q1 2011: €51.0) million.

3.2 HIGHER TOTAL ASSETS AND INVESTMENTS

Software AG's total assets rose from €1,680.7 million (as of March 31, 2011) to €1,701.2 million (as of March 31, 2012). Net debt was reduced over the past 12 months from €121.6 million to €6.3 million, which is an improvement of more than €100 million year on year. Shareholders' equity grew by 22 percent to €974.6 (2011: €800) million. Equity ratio as of March 31, 2012 was 57 percent (2011: 50 percent) and thus 700 basis points up from the previous year.

As of March 31, 2012, the Software AG Group employed 5,498 (2011: 5,534) people (full-time equivalents). The total number of employees in Germany was 1,835 (2011: 1,990). The total number of employees in Research & Development (R&D) was 884 (2011: 822).

4 OPPORTUNITIES AND RISKS

There were no changes to the risk situation of the Software AG Group in the first quarter of 2012 as portrayed in the Risk Report of the 2011 Annual Report.

Corresponding opportunities are described in the Outlook section of this report and the 2011 Annual Report.

5 EVENTS AFTER THE BALANCE SHEET DATE

Software AG announced its acquisition of London-based technology provider, my-Channels, on April 16, 2012. This is an important step in the implementation of the company's strategy for the integration business line as well as for in-memory management of big data. As part of its portfolio strategy, this extremely fast (low latency) messaging software complements and extends Software AG's existing integration technology. The acquisition of my-Channels will enable Software AG customers to integrate their enterprise applications, cloud-based applications and mobile devices through a unique, universal messaging layer. This technology will play a fundamental role in successfully and cost-effectively implementing customers' respective strategies for cloud, in-memory, big data and mobile applications. Customers will now have the ability to stream large volumes of critical data to employees, customers and partners anywhere, over any channel and to any device. my-Channels technology supports modern messaging standards such as MQTT and HTML5/webSockets.

6 OUTLOOK

Software AG's first-quarter results lay a solid foundation for the full fiscal year 2012 and for the successful development of its core business. Software AG therefore confirms its full-year forecast released in January, with growth in the BPE business line between 5 and 15 percent and Group revenue on par with the previous year (growth between +3 and -3 percent) at constant currency. Software AG expects an EBIT margin (IFRS) of 23 to 24.5 percent for the current fiscal year.

CONSOLIDATED BALANCE SHEET (IFRS, unaudited)
as of March 31, 2012

in € thousands	Mar. 31, 2012	Dec. 31, 2011	Mar. 31, 2011
ASSETS			
Current assets			
Cash and cash equivalents	272,305	216,479	144,239
Inventories	125	505	822
Trade receivables	296,880	304,736	334,740
Other receivables and other assets	42,607	43,909	45,445
Prepaid expenses	13,955	8,656	13,051
	625,872	574,285	538,297
Non-current assets			
Intangible assets	234,331	248,202	217,515
Goodwill	744,467	752,223	702,120
Property, plant and equipment	64,237	65,365	64,758
Financial assets	2,962	3,446	5,071
Trade receivables	7,720	13,197	15,456
Other receivables and other assets	3,834	3,990	54,200
Prepaid expenses	1,040	1,256	1,696
Deferred taxes	16,706	18,731	16,923
	1,075,297	1,106,410	1,077,739
	1,701,169	1,680,695	1,616,036
EQUITY AND LIABILITIES			
Current liabilities			
Financial liabilities	30,156	26,088	136,929
Trade payables	49,167	58,066	61,532
Other liabilities	85,573	88,656	79,387
Other provisions	60,655	83,315	92,433
Provisions for taxes	20,671	20,171	39,252
Deferred income	140,543	105,269	174,992
	386,765	381,565	584,525
Non-current liabilities			
Financial liabilities	248,405	251,278	128,934
Trade payables	74	453	73
Other liabilities	8,942	8,798	4,115
Provisions for pensions	37,903	38,200	41,045
Other provisions	7,756	11,495	9,715
Deferred taxes	35,952	36,745	45,932
Deferred income	770	679	1,663
	339,802	347,648	231,477
Equity			
Share capital	86,828	86,828	86,148
Capital reserve	36,360	35,716	38,814
Retained earnings	902,810	867,053	767,094
Other reserves	-50,312	-37,095	-70,159
Treasury shares	-1,675	-1,675	-22,313
Non-controlling interests	591	655	450
	974,602	951,482	800,034
	1,701,169	1,680,695	1,616,036

CONSOLIDATED INCOME STATEMENT (IFRS, unaudited)
for the three months ended March 31, 2012

in € thousands	Q1 2012	Q1 2011	Change in %
Licenses	65,247	71,226	-8
Maintenance	96,268	93,039	3
Services	92,738	106,372	-13
Other	301	1,989	-85
Total revenue	254,554	272,626	-7
Cost of sales	-101,692	-115,098	-12
Gross profit	152,862	157,528	-3
Research and development expenses	-24,237	-21,517	13
Sales, marketing and distribution expenses	-59,274	-56,470	5
General and administrative expenses	-15,496	-18,071	-14
Operating result	53,855	61,470	-12
Other operating income	6,395	3,601	78
Other operating expenses	-5,430	-4,873	11
Earnings before interest and taxes (EBIT)	54,820	60,198	-9
Net financial income/expense	-2,062	-1,449	42
Earnings before taxes	52,758	58,749	-10
Income taxes	-15,622	-17,276	-10
Other taxes	-1,273	-1,426	-11
Net income	35,863	40,047	-10
Thereof attributable to shareholders of Software AG	35,757	40,024	-11
Thereof attributable to non-controlling interests	106	23	361
Earnings per share in € (basic)	0.41	0.47	-13
Earnings per share in € (diluted)	0.41	0.46	-11
Weighted average number of shares outstanding (basic)	86,766,468	85,330,806	-
Weighted average number of shares outstanding (diluted)	86,999,430	86,545,254	-

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS, unaudited)
for the three months ended March 31, 2012

in € thousands	Q1 2012	Q1 2011
Net income	35,863	40,047
Income taxes	15,622	17,276
Net financial income/expense	2,062	1,449
Amortization/depreciation of non-current assets	12,453	10,950
Other non-cash income/expense	86	-1,258
Operating cash flow before changes in working capital	66,086	68,464
Changes in inventories, receivables and other assets	11,375	-2,974
Changes in payables and other liabilities	-2,392	16,456
Income taxes paid	-14,625	-30,712
Interest paid	-1,610	-2,532
Interest received	2,211	2,311
Net cash provided by operating activities	61,045	51,013
Proceeds from the sale of property, plant and equipment/intangible assets	106	164
Purchase of property, plant and equipment/intangible assets	-2,084	-2,077
Proceeds from the sale of financial assets	486	0
Purchase of financial assets	0	-21
Cash inflows/outflows from current financial assets	-433	0
Payments for acquisitions, net	-413	0
Net cash used in investing activities	-2,338	-1,934
Dividends paid	-170	-162
Repayments of financial liabilities	-1,149	-4,424
Net cash provided by/used in financing activities	-1,319	-4,586
Change in cash and cash equivalents from cash-relevant transactions	57,388	44,493
Currency translation adjustment	-1,562	-2,721
Net change in cash and cash equivalents	55,826	41,772
Cash and cash equivalents at beginning of period	216,479	102,467
Cash and cash equivalents at end of period	272,305	144,239

STATEMENT OF COMPREHENSIVE INCOME (IFRS, unaudited)
for the three months ended March 31, 2012

in € thousands	Q1 2012	Q1 2011
Net income	35,863	40,047
Currency translation differences	-12,488	-27,023
Net gain/loss on remeasuring financial assets	406	155
Net gain/loss arising from translating net investments in foreign operations	-1,098	1,396
Net actuarial gain/loss and asset caps on defined benefit plans	-37	0
Other comprehensive income	-13,217	-25,472
Total comprehensive income	22,646	14,575
Thereof attributable to shareholders of Software AG	22,540	14,552
Thereof attributable to non-controlling interests	106	23

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS, unaudited)
for the three months ended March 31, 2012

in € thousands	Common shares (No.)	Share capital	Capital reserve	Retained earnings	Currency translation differences
Equity as of January 1, 2011	28,443,602	86,148	22,512	727,070	-31,440
Total comprehensive income				40,024	-27,023
Transactions with equity holders					
Dividend payment					
Stock options			16,302		
Transactions between shareholders					
Equity as of March 31, 2011	28,443,602	86,148	38,814	767,094	-58,463
Equity as of January 1, 2012	86,766,468	86,828	35,716	867,053	-26,894
Total comprehensive income				35,757	-12,488
Transactions with equity holders					
Dividend payment					
Stock options			644		
Transactions between shareholders					
Equity as of March 31, 2012	86,766,468	86,828	36,360	902,810	-39,382

Other reserves			Treasury shares	Attributable to shareholders of Software AG	Non-controlling interests	Total
Fair value measurement of securities and derivatives	Actuarial gains/losses and asset caps from defined benefit plans	Currency translation gains/losses from net investments in foreign operations				
603	-13,850	0	-22,313	768,730	589	769,319
155	0	1,396		14,552	23	14,575
				0	-162	-162
				16,302		16,302
758	-13,850	1,396	-22,313	799,584	450	800,034
-3,054	-11,332	4,185	-1,675	950,827	655	951,482
406	-37	-1,098		22,540	106	22,646
				0	-170	-170
				644		644
-2,648	-11,369	3,087	-1,675	974,011	591	974,602

NOTES TO THE INTERIM FINANCIAL STATEMENTS

GENERAL

1 BASIS OF PRESENTATION

Software AG's condensed and unaudited consolidated financial statements (interim financial statements) as of March 31, 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable on the balance sheet date, as endorsed by the EU. The IASs/IFRSs applicable as of March 31, 2012 were observed, as were the corresponding interpretations of the International Financial Reporting Interpretations Committee (IFRIC – formerly SIC).

Software AG is a registered stock corporation under German law with registered offices in Darmstadt. Software AG is the parent company of a Group that is globally active in the fields of software development, licensing and maintenance as well as IT services.

The consolidated interim financial statements of Software AG are expressed in thousands of euros unless otherwise stated.

2 CHANGES IN THE CONSOLIDATED GROUP

There were no changes in the consolidated Group in the first three months of fiscal 2012.

3 ACCOUNTING POLICIES



The same accounting policies have been applied to the consolidated interim financial statements as were applicable to the consolidated financial statements as of December 31, 2011. **For more detailed information on accounting policies, please see Note 3 of the consolidated financial statements for fiscal 2011.**

These quarterly financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting.

4 BUSINESS COMBINATIONS

Software AG did not acquire any companies during the first quarter. Software AG acquired U.K.-based technology provider, my-Channels, in April, and thus after the balance sheet date but before the release of the quarterly financial statements. The acquisition complements and extends Software AG's existing integration technology with an extremely fast (low latency) messaging software. The company currently has 10 employees. The consideration due for this acquisition is anticipated to amount to approximately €15 million. Due to the short period of time between the time of acquisition and the publication release of this interim report, a preliminary purchase price allocation could not take place. Software AG considers the impact of this acquisition on the Group's financial position, financial performance and cash flows to be immaterial.

NOTES TO THE CONSOLIDATED BALANCE SHEET

5 GOODWILL

Goodwill amounted to €744,467 thousand as of March 31, 2012, a decrease of €7,756 thousand compared to December 31, 2011. The drop in goodwill resulted from currency translation losses, due in particular to the weak U.S. dollar.

6 EQUITY

Share capital

Software AG's share capital totaled €86,828 thousand as of March 31, 2012, divided into 86,827,845 bearer shares. Each share entitles its holder to one vote.

Dividend payment

Pursuant to the proposal of the Management Board and the Supervisory Board, the Annual Shareholders' Meeting resolved on May 4, 2012 to appropriate €39,913 thousand for a dividend payout, to transfer €1,965 thousand to other retained earnings and to carry forward €153,735 thousand of the net retained profits of €195,613 thousand reported by Software AG, the controlling Group company. This corresponded to a dividend of €0.46 per share.

OTHER DISCLOSURES

7 SEGMENT REPORTING

The table below shows the segment data for the first quarters of 2012 and 2011:

SEGMENT REPORT (IFRS, unaudited) for the three months ended March 31, 2012

in € thousands	ETS		BPE		IDSC		Reconciliation		Total	
	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Licenses	28,725	30,414	35,680	39,078	842	1,734	0	0	65,247	71,226
Maintenance	47,608	48,633	44,876	40,291	3,784	4,115	0	0	96,268	93,039
Product revenue	76,333	79,047	80,556	79,369	4,626	5,849	0	0	161,515	164,265
Services	17,780	17,518	43,774	44,078	31,184	44,776	0	0	92,738	106,372
Other	257	230	8	495	36	1,264	0	0	301	1,989
Total revenue	94,370	96,795	124,338	123,942	35,846	51,889	0	0	254,554	272,626
Cost of sales	-19,045	-20,023	-43,428	-45,227	-33,423	-45,362	-5,796	-4,486	-101,692	-115,098
Gross profit	75,325	76,772	80,910	78,715	2,423	6,527	-5,796	-4,486	152,862	157,528
Sales, marketing and distribution expenses	-16,239	-16,662	-34,431	-30,357	-5,217	-6,541	-3,387	-2,910	-59,274	-56,470
Segment contribution	59,086	60,110	46,479	48,358	-2,794	-14	-9,183	-7,396	93,588	101,058
Research and development expenses	-6,689	-6,819	-17,548	-14,616	0	-82	0	0	-24,237	-21,517
Segment earnings	52,397	53,291	28,931	33,742	-2,794	-96	-9,183	-7,396	69,351	79,541
General and administrative expenses									-15,496	-18,071
Other operating income/expenses, net									965	-1,272
Earnings before interest/taxes									54,820	60,198
Net financial income/expense									-2,062	-1,449
Earnings before taxes									52,758	58,749
Taxes									-16,895	-18,702
Net income									35,863	40,047

8 CONTINGENT LIABILITIES

As of March 31, 2012, no provisions had been recognized for the following contingent liabilities, expressed at their nominal amounts, since it appeared unlikely that any claims would be asserted:

in € thousands	Mar. 31, 2012	Dec. 31, 2011	Mar. 31, 2011
	1,477	1,477	1,441

The carrying amount of collateral received was €28 thousand (March 31, 2011: €0 thousand).

Disclosures on leases

The Group's rental agreements and operating leases relate chiefly to office space, vehicles and IT equipment. Lease payments under operating leases are recognized as an expense over the term of the lease.

in € thousands	Up to 1 year	> 1 – 5 years	> 5 years	Total
Contractually agreed payments (gross amount)	22,048	40,459	5,990	68,497
Estimated income from subleases	-2,337	-7,787	0	-10,124
Contractually agreed payments (net amount)	15,258	40,551	5,978	61,787

9 SEASONAL INFLUENCES

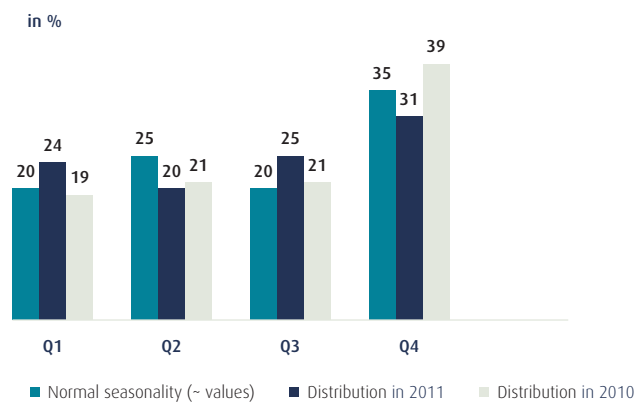
Revenues and pre-tax earnings were distributed over fiscal year 2011 as follows:

in € thousands	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011
License revenue	71,226	57,725	74,679	91,604	295,234
as % of license revenue for the year	24	20	25	31	100
Total revenue	272,626	257,069	274,632	294,007	1,098,334
as % of revenue for the year	25	23	25	27	100
Earnings before taxes	58,749	56,940	68,754	74,850	259,294
as % of net income for the year	23	22	26	29	100

Based on experience from past years, the revenue and earnings distribution in 2011 was not representative and is therefore useful only to a limited extent for calculating the expected distribution in 2012. The following graph depicts the development of license revenues in 2011 and 2010 in comparison to normal license revenue development, which is expected for 2012.

The distribution of revenue and earnings is regularly affected by large individual contracts and is thus difficult to predict.

TOTAL ANNUAL LICENSE REVENUE



10 LITIGATION

In February 2010, a software company in Virginia, USA sued Software AG together with 11 additional defendants, including IBM and SAP, for infringement of several of its software patents. The lawsuit was filed with a court in Virginia. The proceedings were suspended for Software AG and additional defendants by order of the court. The proceedings are continuing against only one of the defendants. The verdict of these proceedings will determine if the proceedings against Software AG will be resumed. The court dismissed the test case, upon which the plaintiff filed an appeal. The court of appeals rejected the appeal in January 2012. It remains to be seen whether the plaintiff will bring further legal action.

On February 10, 2012, a non-practicing entity (NPE: a company that solely pursues patent-right violations, rather than manufacturing or using the patented invention) from the U.S. state of Delaware sued Software AG in the District Court of Delaware for violating one of its software patents. This NPE has filed similar parallel lawsuits against other defendants.

A number of legal actions have been filed with the Regional Court of Saarbrücken in connection with the control and profit transfer agreement with IDS Scheer AG. In these proceedings, the petitioners are seeking an increase in their cash settlements and annual compensatory payments. Software AG considers the objections to valuation to be groundless. The proceedings were combined into one. The first hearing took place at the end of February 2012.

In connection with the merger of IDS Scheer AG and Software AG, a large number of legal challenges were filed with the Regional Court of Saarbrücken, in which the plaintiffs seek a legal review of the set exchange ratio and cash compensation. Software AG considers the objections to valuation to be groundless. The proceedings were combined into one. The proceedings are in an early stage; as yet there have been no hearings before the court.

In connection with the termination of David Broadbent's Management Board membership, Mr. Broadbent has instituted legal proceedings before the Darmstadt Regional Court, which the company considers to be unfounded. After an extensive exchange of briefs, the court has pronounced its order to hear evidence. A hearing of evidence will take place at the end of May 2012.

There were no other changes with respect to the legal disputes reported as of December 31, 2011, nor were there any new legal disputes that could potentially have a significant effect on the company's financial position, financial performance or cash flows.

11 STOCK OPTION PLANS AND STOCK APPRECIATION RIGHTS PROGRAM



Software AG has various stock option plans for members of the Management Board, managers and other Group employees. Our stock price-based remuneration plans as of March 31, 2012 are described in detail on pages 164-167 of the 2011 Annual Report.

The rights granted under Management Incentive Plan 2011 (MIP IV) changed as follows in the first three months of fiscal 2012:

	Number of rights outstanding	Exercise price per right (in €)	Weighted average remaining term (in years)	Aggregated intrinsic value (in €)
Balance as of Dec. 31, 2011	5,596,667	41.34	9.5	0
Granted	104,500	41.34		
Forfeited	-188,000	41.34		
Balance as of March 31, 2012	5,513,167	41.34	9.25	0

There were no changes to the balance of rights granted under Management Incentive Plan 2007 (MIP III) as reported on December 31, 2011.

All rights outstanding under MIP III as of March 31, 2012 were exercisable. Because there is no obligation to settle in cash, these rights are still accounted for as an equity-settled stock option program pursuant to IFRS 2. Accordingly, there were no provisions for rights from MIP III as of March 31, 2012.

12 EMPLOYEES

As of March 31, 2012, the average number of employees (i.e., part-time employees are taken into account on a pro-rata basis only) by area of activity was as follows:

	Mar. 31, 2012	Mar. 31, 2011
Maintenance and services	2,864	2,957
Sales and marketing	1,019	1,025
Research and development	884	822
Administration	731	730
	5,498	5,534

In absolute terms (i.e., part-time employees are counted in full), the Group employed 5,696 people as of March 31, 2012 (March 31, 2011: 5,694 thousand).

13 CHANGES AND INFORMATION REGARDING CORPORATE BODIES

No changes occurred on either the Management Board or the Supervisory Board between January 1 and March 31, 2012.

14 EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred between March 31 and the date of release of these interim financial statements.

Date and authorization for issue

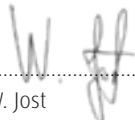
Software AG's Management Board approved the consolidated quarterly financial statements on May 9, 2012.

Darmstadt, May 9, 2012


Software AG



 K.-H. Streibich



 Dr. W. Jost



 A. Zinnhardt

FINANCIAL CALENDAR

2012

July 24, 2012	Preliminary Q2/H1 2012 financial figures (IFRS, unaudited)
October 30, 2012	Preliminary Q3 2012 financial figures (IFRS, unaudited)

2013

End of January 2013	Preliminary Q4/FY 2012 financial figures (IFRS, unaudited)
---------------------	--

Copyright

© 2012 Software AG

All rights reserved. Software AG and all Software AG products are either trademarks or registered trademarks of Software AG. Other product and company names mentioned herein may be the trademarks of their respective owners.

PUBLICATION CREDITS

PUBLISHER

Software AG

Corporate Communications
Uhlandstraße 12
64297 Darmstadt
Germany

Tel. +49 61 51-92-0
Fax +49 61 51-92-1191
press@softwareag.com

CONTACT

SOFTWARE AG

Corporate Headquarters
Uhlandstraße 12
64297 Darmstadt
Germany

Tel. +49 61 51-92-0
Fax +49 61 51-92-1191
www.softwareag.com

