

PSI Group Data as per 30 September 2009 at a Glance (IFRS)

	01/01-30/09/09 in KEUR	01/01-30/09/08 in KEUR	Change in KEUR	Change in %
Revenues	100,120	92,006	+8,114	+8.8
Operating Result	4,649	4,177	+472	+11.3
Result before income taxes	4,010	3,410	+600	+17.6
Net result	3,829	2,754	+1,075	+39.0
Cash and cash equivalents	17,992	21,553	-3,561	-16.5
Employees on 30 September	1,387	1,109	+278	+25.1
Revenue/Employee	72.2	83.0	-10.8	-13.0

Financial Calendar

28 October 2009	Report on the 3 rd Quarter of 2009
9 November 2009	Analyst Presentation, German Equity Forum
8 December 2009	Presentation, Munich Capital Markets Conference

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Interim Management Report

Business Development

Earnings

The PSI Group has increased its operating result (EBIT) in the first nine months of 2009 by 9 percent to 4.65 million Euros in comparison to the previous fiscal year. The group net result was enhanced by 39 percent to 3.8 million Euros and group sales rose by 9 percent to 100.1 million Euros. The volume of new orders at 115 million Euros was slightly below that of the previous year and order backlog increased by 10 percent to 116 million Euros.

The segment of Energy Management (electricity, gas, oil, heating, water) attained 11 percent more sales at 43.5 million Euros; with an operating profit of 3.0 million Euros, this segment delivered the largest contribution to operating income. In particular, the sectors of electrical energy and gas/oil were again the most prolific towards these earnings. The energy trading and distribution systems produced improved earnings results as well, despite non-recurrent expenses in previous quarters due to the product convergence.

Sales in the Production Management segment (industry, logistics) were 4 percent higher than last year at 43.5 million Euros. Operating result was almost the same as the year before, in spite of the economic situation and higher write-offs, at 1.7 million Euros. The industrial sectors of metal production and mining above all developed positively while the recognition of license revenues from the sectors manufacturing and logistics was shifted partially into the fourth quarter.

Infrastructure Management (transportation, safety, telecommunications) saw an increase of 21 percent to 13.1 million Euros. Operating profit of 0.3 million Euros was slightly more than the previous year. Subsidiaries in the growth markets of Poland and Southeast Asia were the main contributors in infrastructure management, whereas development expenditures for the new group communications system for mobile telephone networks continued to exist.

The two newly acquired subsidiaries contributed 5.3 million to sales and 0.2 million euros to operating profit in the year 2009.

Financial Position

Liquidity decreased to 18.0 million Euros (30 September 2008: 21.6 million Euros). In the second quarter PSI AG did a capital increase from cash contribution and paid in cash for the acquisition of the AIS Group in the third quarter.

Assets

As a result of the acquisition of inControl Tech and the AIS Group intangible assets increased by 30.5 million Euros to 49.1 million Euros compared to 31 December 2008.

Personnel Development

The number of employees increased as of 30 September 2009 to 1,387 (30 September 2008: 1,109), primarily due to the acquisition of inControl Tech in May and the AIS Group in August.

PSI-Shares

The PSI share price rose by 134 percent from the final 2008 price of 3.60 Euros to 8.43 Euros in the first nine months of 2009. This was due to the continued positive business development and the entry of several major shareholders.

Risk Report

The estimate of the corporate risk has not changed significantly since the Annual Report for 31 December 2008. Added are the two new acquisitions, which have yet to be integrated into the Group.

Outlook

Incoming orders in the Energy Management sector were significantly lower in the third quarter as opposed to the previous year, which was characterised by quite large individual orders. Processing very large order backlogs particularly improves the situation in meeting deadlines for demanding projects in the export business. The specialist teams in the Smart Grids business are to be reinforced since PSI expects larger orders in this segment for the fourth quarter. Orders received for Production Management were slightly higher than last year and orders received for Infrastructure Management were significantly higher than last year. The number of incoming orders for the entire fiscal year is expected to be as high as that of last year's strong performance.

The management of PSI expects a fourth quarter EBIT increase to achieve a record-high of nearly 3 million Euros. Due to anticipated expenses for the accelerated convergence of Java software platforms and costs in the Smart Watts research project, operating earnings (EBIT) are estimated for the entire fiscal year to be somewhat less than 8 million Euros, slightly less than previous forecasts. These previous prognoses can be however achieved when pending placements of orders are positively processed by year's end, and indeed can be surpassed by up to 3 million Euros.

Group Balance Sheet

from 1 January 2009 until 30 September 2009 according to IFRS

	9 Month Report 01/01-30/09/09 KEUR	Annual Report 01/01-31/12/08 KEUR
Assets		
Non current assets		
Property, plant and equipment	8,823	8,002
Intangible assets	49,115	18,658
Other financial assets	359	0
Deferred tax assets	2,189	2,373
	60,486	29,033
Current assets		
Inventories	4,351	1,681
Trade accounts receivable, net	26,545	23,253
Receivables from long-term development contracts	34,992	22,636
Other current assets	3,405	2,365
Cash and cash equivalents	17,992	23,650
	87,285	73,585
Total assets	147,771	102,618
Total Equity and Liabilities		
Equity		
Subscribed capital, EUR 2,56 calculated par value	40,185	30,464
Capital reserves	35,582	31,642
Retained earnings	0	0
Reserve for Treasury stock	0	-26
Other reserves	538	275
Accumulated losses	-10,325	-28,632
	65,980	33,723
Non-current liabilities		
Long-term debt	843	0
Pension provisions	27,106	26,653
Deferred tax liabilities	2,930	2,164
	30,879	28,817
Current liabilities		
Trade payables	12,638	9,558
Other current liabilities	21,428	18,113
Liabilities from long-term development contracts	15,071	11,126
Short-term debt	1,224	341
Provisions	551	940
	50,912	40,078
Total equity and liabilities	147,771	102,618

Group comprehensive Income Statement

from 1 January 2009 until 30 September 2009 according to IFRS

Group Income Statement from 1 January 2009 until 30 September 2009	Quarterly Report III		9-Month Report	
	01.07.09- 30.09.09 KEUR	01.07.08- 30.09.08 KEUR	01.01.09- 30.09.09 KEUR	01.01.08- 30.09.08 KEUR
Revenues	34,847	34,257	100,120	92,006
Other operating income	244	528	2,957	2,025
Changes in inventories of work in progress	17	56	153	16
Cost of materials	-7,768	-5,433	-17,891	-14,119
Personnel expenses	-20,215	-18,674	-60,802	-54,710
Depreciation and amortization	-833	-675	-2,192	-1,922
Other operating expenses	-5,106	-8,567	-17,696	-19,119
Operating result	1,186	1,492	4,649	4,177
Interest income	145	172	332	452
Interest expenses	-410	-424	-1,253	-1,219
Result from equity investments	282	0	282	0
Result before income taxes	1,203	1,240	4,010	3,410
Income tax	73	-364	-181	-656
Net result	1,276	876	3,829	2,754
Earnings per share (in Euro per share, basic)	0.08	0.07	0.28	0.23
Earnings per share (in Euro per share, diluted)	0.08	0.07	0.28	0.23
Weighted average shares outstanding (basic)	15,697,366	12,112,870	13,652,630	12,112,870
Weighted average shares outstanding (diluted)	15,697,366	12,112,870	13,652,630	12,112,870
Statement of recognized income and expenses from 1 January 2009 until 30 September 2009				
Net result	1,276	876	3,829	2,754
Currency translation	156	-93	263	-83
Group comprehensive result	1,432	783	4,092	2,671

Group Cash Flow Statement

from 1 January 2009 until 30 September 2009 according to IFRS

	9 Month Report 01/01-30/09/09 KEUR	9 Month Report 01/01-30/09/08 KEUR
CASHFLOW FROM OPERATING ACTIVITIES		
Result after income taxes	3,829	2,754
Adjustments for non-cash expenses		
Amortization on intangible assets	883	579
Depreciation of property, plant and equipment	1,309	1,315
Interest income	-614	-452
Interest expenses	1,253	1,219
Foreign exchange gains/losses	263	-83
Other income/expense without cash effect	-28	588
	6,895	5,920
Changes of working capital		
Inventories	746	-1,021
Trade receivables	-6,799	-3,117
Other current assets	-683	-201
Provisions	-1,191	-804
Trade payables	319	1,771
Other current liabilities	1,113	333
	-6,495	-3,039
Interest paid	-60	-68
Income taxes paid	-209	-68
Cash flow from operating activities	131	2,745
CASHFLOW FROM INVESTING ACTIVITIES		
Additions to intangible assets	-164	-43
Additions to property, plant and equipment	-1,281	-1,513
Payments for investments in subsidiaries, net of cash	-12,837	-3,053
Additions to associated companies	-77	0
Interest received	324	452
Cash flow from investing activities	-14,035	-4,157
CASHFLOW FROM FINANCING ACTIVITIES		
Change in share capital	3,046	0
Change in additional paid-in capital	6,001	0
Proceeds/repayments from/of borrowings	-800	4,017
Acquisition of treasury stocks	-1	0
Cash flow from financing activities	8,246	4,017
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Changes in cash and cash equivalents	-5,658	2,605
Cash and cash equivalents at beginning of the period	23,650	18,948
Cash and cash equivalents at the end of the period	17,992	21,553

Statement of Changes in Equity

from 1 January 2009 until 30 September 2009 according to IFRS

	Number of shares issued	Share capital	Additional paid-in capital	Revenue reserve (adjusted)	Reserve for Treasury stock	Other reserves (adjusted)	Accumulated deficit (adjusted)	Total
	Number	KEUR	KEUR	TEUR	TEUR	KEUR	KEUR	KEUR
As of 31 December 2007	12,112,870	31,009	31,772	0	0	-582	-32,772	29,427
Group comprehensive result						-83	2,754	2,671
As of 30 September 2008	12,112,870	31,009	31,772	0	0	-665	-30,018	32,998
As of 31 December 2008	11,900,000	30,464	31,642	0	-26	275	-28,632	33,723
Group comprehensive result						263	3,829	3,829
Issue of new shares								
Capital increase from cash contribution	1,189,999	3,046	6,001					9,047
Capital increase in exchange for stock	2,607,367	6,675	12,417					19,092
Share buybacks					-1			-1
Disposal of own shares					27			27
Total capital transactions		9,721	18,418		26			28,165
Offset of accumulated loss			-14,478				14,478	0
As of 30 September 2009	15,697,366	40,185	35,582	0	0	538	-10,325	65,980

Shares/Options held by Management and Supervisory Board as of 30 September 2009

	Shares	Options
Management Board		
Dr. Harald Schrimpf	71,000	0
Armin Stein	23,300	0
Supervisory Board		
Dr. Ralf Becherer	2,268	0
Wilfried Götze	54,683	0
Bernd Haus	1,000	0
Barbara Simon	7,890	0
Karsten Trippel	124,450	0
Prof. Dr. Rolf Windmüller	6,305	0

The Management Board of PSI AG had earnings of KEUR 722 in the first nine months of 2009, which consist of a fixed component of KEUR 296 and a variable component of KEUR 426.

Because Supervisory Board payments are made in the 4th quarter of the year, the Supervisory Board did not obtain any remuneration in the first three months of 2009.

Notes on the interim condensed consolidated financial statements as of 30 September 2009

The Company

1. Business Activities and Legal Background

The business activities of PSI AG and its subsidiaries relate to the development and sale of software systems and products fulfilling the specific needs and requirements of its customers, particularly in the following industries and service lines: utilities, manufacturing, logistics, telecommunications, safety and transport. In addition, the Group provides services of all kinds in the field of data processing, sells electronic devices and operates data processing systems. The PSI Group is divided into the three core business segments energy management, production management and infrastructure management.

The Company is exposed to a wide range of risks that are similar to other companies active in the dynamic technology sector. Major risks for the development of the PSI Group lie in the success with which it markets its software systems and products, competition from larger companies, the ability to generate sufficient cash flows for future business development as well as in individual risks regarding the integration of subsidiaries, organizational changes and the cooperation with strategic partners.

The consolidation group was extended significantly in fiscal year 2009 through the acquisition of new subsidiaries. The newly acquired subsidiaries have no risk structure; different from that of the PSI Group described in the consolidated financial statements for 31 December 2008.

Main customers of the PSI Group are utilities and manufacturing companies in Germany, Europe and Asia. Main locations with business activities are located in Berlin, Aschaffenburg, Barsinghausen, Essen, Dortmund, Duesseldorf, Karlsruhe, Hamburg, Munich, Stuttgart and Aachen. The Company is listed in the Prime Standard segment of the Frankfurt stock exchange.

The condensed interim consolidated financial statements for the period from 1 January 2009 to 30 September 2009 were released for publication by a decision of the management on 27 October 2009.

The condensed interim consolidated financial statements for the period from 1 January 2009 to 30 June 2009 were produced in compliance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements do not contain all the data and notes prescribed for the annual financial statements and should be read in conjunction with the consolidated financial statements for 31 December 2008.

2. Accounting and Valuation Principles

With regard to the principles of accounting and valuation and especially the application of International Financial Reporting Standards (IFRS) see the group consolidated financial statements for the financial year 2008.

In the interim condensed consolidated financial statements the newly applicable standards and interpretations that are obligatory for financial years starting after 1 January 2009, were applied in full. The application of these standards did only require minor adjustments of the elements of the interim condensed consolidated financial statements (in particular the group balance sheet, the group income statement and the group comprehensive income).

In April 2009 the IASB published a further collective standard amending various IFRS standards. The collective standard has the primary goal, to eliminate inconsistencies and to clarify wording. Specific transition rules apply for each standard. The PSI Group anticipates no significant changes from the initial application.

3. Seasonal Influences on the Business Activities

Seasonal effects resulted in the PSI Group operations with regards to the receipt of maintenance revenues in the first quarter of the financial year (deferment of the influences on the result of corresponding incoming payments throughout the year) and significantly greater demand and project accounting in the fourth quarter of the financial year.

4. Changes in the Consolidation Group

By agreement of 27 May 2009, 100 per cent of the shares were acquired in inControl Tech Sdn Bhd, headquartered in Malaysia. At the time of the acquisition the company had assets totalling KEUR 10,283 and liabilities of KEUR 7,049. Correspondingly, the net assets (at book values) were KEUR 3,234. In the course of breaking down the purchase price, these net assets will be offset by the costs of acquisition (KEUR 19,268). The resulting difference will be allocated to the intangible assets with limited utilisation and the goodwill. The intangible assets are thereby resulting primarily from customer relationships. The goodwill resulted primarily from the position of inControl Tech Sdn Bhd in the Malaysian market and management expertise.

The following table provides a preliminary breakdown of the costs of acquisition to the market values of the assets and liabilities acquired. A final breakdown of this cost could not be done yet, as various project-related information as of acquisition date are subject to further detailed analysis. It is planned to finalise this analysis by the date the consolidated financial statements of the PSI group for 31 December 2009 are produced.

	Book value before the acquisition KEUR	Adjustment KEUR	Book value after the acquisition KEUR
Non-current assets			
Property, plant and equipment	718	0	718
Other intangible assets	0	1,101	1,101
Goodwill	0	15,208	15,208
Current assets			
Inventories	3,131	0	3,131
Receivables from long-term development contracts	3,436	0	3,436
Trade receivables	2,286	0	2,286
Other Assets	250	0	250
Cash and cash equivalents	369	0	369
Receivables from associated companies	93	0	93
Liabilities			
Financial liabilities	1,683	0	1,683
Deferred tax liabilities	56	275	331
Trade payables	2,139	0	2,139
Other liabilities	1,864	0	1,864
Liabilities from long-term development contracts	1,307	0	1,307
Net assets	3,234	16,034	19,268

By agreement of 26 August 2009, 100 per cent of the shares were acquired in AIS Advanced Information Systems Group, headquartered in Austria. At the time of the acquisition the company had assets totalling KEUR 7,670 and liabilities of KEUR 6,374. Correspondingly, the net assets (at book values) were KEUR 1,296. In the course of breaking down the purchase price, these net assets will be offset by the costs of acquisition (KEUR 13,750). The resulting difference will be allocated to the intangible assets with limited utilisation and the goodwill. The intangible assets are thereby resulting primarily from customer relationships. The goodwill resulted primarily from the position of AIS Advanced Information Systems Group in the world market and management expertise.

The following table provides a preliminary breakdown of the costs of acquisition to the market values of the assets and liabilities acquired. A final breakdown of this cost could not be done yet, as various project-related information as of acquisition date are subject to further detailed analysis. It is planned to finalise this analysis by the date the consolidated financial statements of the PSI group for 31 December 2009 are produced.

	Book value before the acquisition KEUR	Adjustment KEUR	Book value after the acquisition KEUR
Non-current assets			
Property, plant and equipment	131	0	131
Other intangible assets	38	2,315	2,353
Goodwill	0	10,718	10,718
Current assets			
Inventories	285	0	285
Receivables from long-term development contracts	3,041	0	3,041
Trade receivables	1,587	0	1,587
Other Assets	107	0	107
Cash and cash equivalents	2,481	0	2,481
Liabilities			
Financial liabilities	843	0	843
Deferred tax liabilities	69	579	648
Trade payables	715	0	715
Other liabilities	2,590	0	2,590
Liabilities from long-term development contracts	2,157	0	2,157
Net assets	1,296	12,454	13,750

If the two newly acquired subsidiaries were included in the consolidated financial statements of PSI AG effective 1 January 2009 group sales of KEUR 110,370 and a group net result of KEUR 2,956 would have resulted.

5. Selected Individual Items

Cash and cash equivalents

	30 September 2009 KEUR	31 December 2008 KEUR
Bank balances	9,375	13,861
Fixed term deposits	8,583	9,767
Cash	34	22
	17,992	23,650

The reduction in cash resulted primarily from the acquisition of new subsidiaries. The costs incurred in this context overcompensated the positive cash effect from the capital increase from cash contribution.

Costs and estimated earnings in excess of billings on uncompleted contracts

Costs and estimated earnings in excess of billings on uncompleted contracts arise when revenues have been recorded but the amounts cannot be billed under the terms of the contracts. Such amounts are recoverable from customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract. Costs and estimated earnings contain directly allocable costs (labor cost and cost of services provided by third parties) as well as the appropriate portion of overheads including pro rata administrative expenses.

Costs and estimated earnings on uncompleted contracts and related amounts are billed as follows:

	30 September 2009 KEUR	31 December 2008 KEUR
Costs incurred on uncompleted contracts	91,680	41,333
Profit shares	14,764	6,006
Contract revenue	106,444	47,339
Payments on account	71,452	24,703
Receivables from long-term construction contracts	34,992	22,636
Liabilities from long-term construction contracts	15,071	11,126

Values for 30 September 2009 include the newly acquired subsidiaries. These account for KEUR 46,494 of contract revenue and profit shares of KEUR 9,737. An amount of KEUR 5,306 is included in the receivables from long-term construction contracts and an amount of KEUR 4,637 is included in the liabilities from long-term construction contracts for the newly acquired subsidiaries.

Shareholders' equity

By resolution of 20 May 2009, the Executive Board, in agreement with the Supervisory Board and with the approval of the Annual General Meeting, increased the share capital of PSI AG by 1,189,999 shares, excluding shareholders' subscription rights. The capital increase was carried out in exchange for cash contributions. The subscribed capital was increased by KEUR 3,046 to KEUR 33,510.

By resolution of 9 June 2009, the Executive Board, in agreement with the Supervisory Board and with the approval of the Annual General Meeting, increased the share capital of PSI AG by 2,607,367 shares, excluding shareholders' subscription rights.

The capital increase was carried out in exchange for contributions in kind. The subscribed capital was increased by KEUR 6,675 to KEUR 40,185.

Taxes on income

The main components of the income tax expenditure shown in the group income statement are added as follows:

	30 September 2009 KEUR	31 December 2008 KEUR
Effective taxes expenses		
Effective tax expenses	-209	-430
Deferred taxes		
Emergence and reversal of temporary differences	28	-710
Tax expenses/income	-181	-1,140

Segment Reporting

The development of the segment results can be found in the Group segment reporting.

Segments of the PSI Group:

- Energy Management: Intelligent solutions for energy suppliers from the electricity, gas, oil and water markets. Focal points are reliable and economically sound solutions for the network management and trade and sales management in the liberalised energy market.
- Production Management: Software products and individual solutions for production planning, special tasks in production control and efficient logistics. Focuses are the optimisation of the use of resources and the increase of quality and profitability.
- Infrastructure Management: High-availability control system solutions designed for monitoring and economically sound operation of infrastructures in the areas of telecommunications, transportation, public safety, environmental protection and disaster prevention.

Responsibility Statement

To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the group's development and performance of its position, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining months of the financial year, in accordance with German proper accounting principles of interim consolidated reporting.

Group Segment Reporting

from 1 January 2009 until 30 September 2009 according to IFRS

	Energy Management		Production Management		Infrastructure Management		Reconciliation		PSI Group	
	30/09/2009 KEUR	30/09/2008 KEUR	30/09/2009 KEUR	30/09/2008 KEUR	30/09/2009 KEUR	30/09/2008 KEUR	30/09/2009 KEUR	30/09/2008 KEUR	30/09/2009 KEUR	30/09/2008 KEUR
Sales revenues										
Sales to external customers	43,517	39,323	43,536	41,900	13,067	10,783	0	0	100,120	92,006
Inter-segment sales	688	544	1,084	1,569	1,216	1,002	-2,988	-3,115	0	0
Segment revenues	44,205	39,867	44,620	43,469	14,283	11,785	-2,988	-3,115	100,120	92,006
Other operating income	2,974	2,887	3,220	2,925	1,009	406	-4,246	-4,193	2,957	2,025
Changes in inventories of work in progress	-50	0	201	14	2	2	0	0	153	16
Cost of purchased services	-1,880	-2,457	-3,652	-4,215	-1,498	-1,680	524	1,587	-6,506	-6,765
Cost of purchased materials	-6,375	-3,993	-2,048	-1,668	-4,048	-2,230	1,086	537	-11,385	-7,354
Personnel expenses	-25,943	-24,027	-28,403	-24,903	-6,247	-5,544	-209	-236	-60,802	-54,710
Depreciation and amortization	-1,031	-1,027	-806	-670	-343	-213	-12	-12	-2,192	-1,922
Other operating expenses	-8,874	-8,773	-11,466	-13,243	-2,853	-2,287	5,497	5,184	-17,696	-19,119
Operating result before interest, tax, depreciation and amortisation	4,057	3,504	2,472	2,379	648	452	-336	-236	6,841	6,099
Operating result	3,026	2,477	1,666	1,709	305	239	-348	-248	4,649	4,177
Interest income	-198	-497	-317	-278	-124	8	0	0	-639	-767
Result before income taxes	2,828	1,980	1,349	1,431	181	247	-348	-248	4,010	3,410
Segment assets	46,391	42,451	59,881	47,172	37,084	8,463	2,226	1,529	145,583	99,615
Segment liabilities	19,864	19,014	36,260	33,086	16,085	8,094	6,311	6,240	78,520	66,434
Segment investments	433	445	15,131	3,554	16,982[*]	123	590	487	33,136	4,609

^{*}Thereof KEUR 16.034 by issue of new shares

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