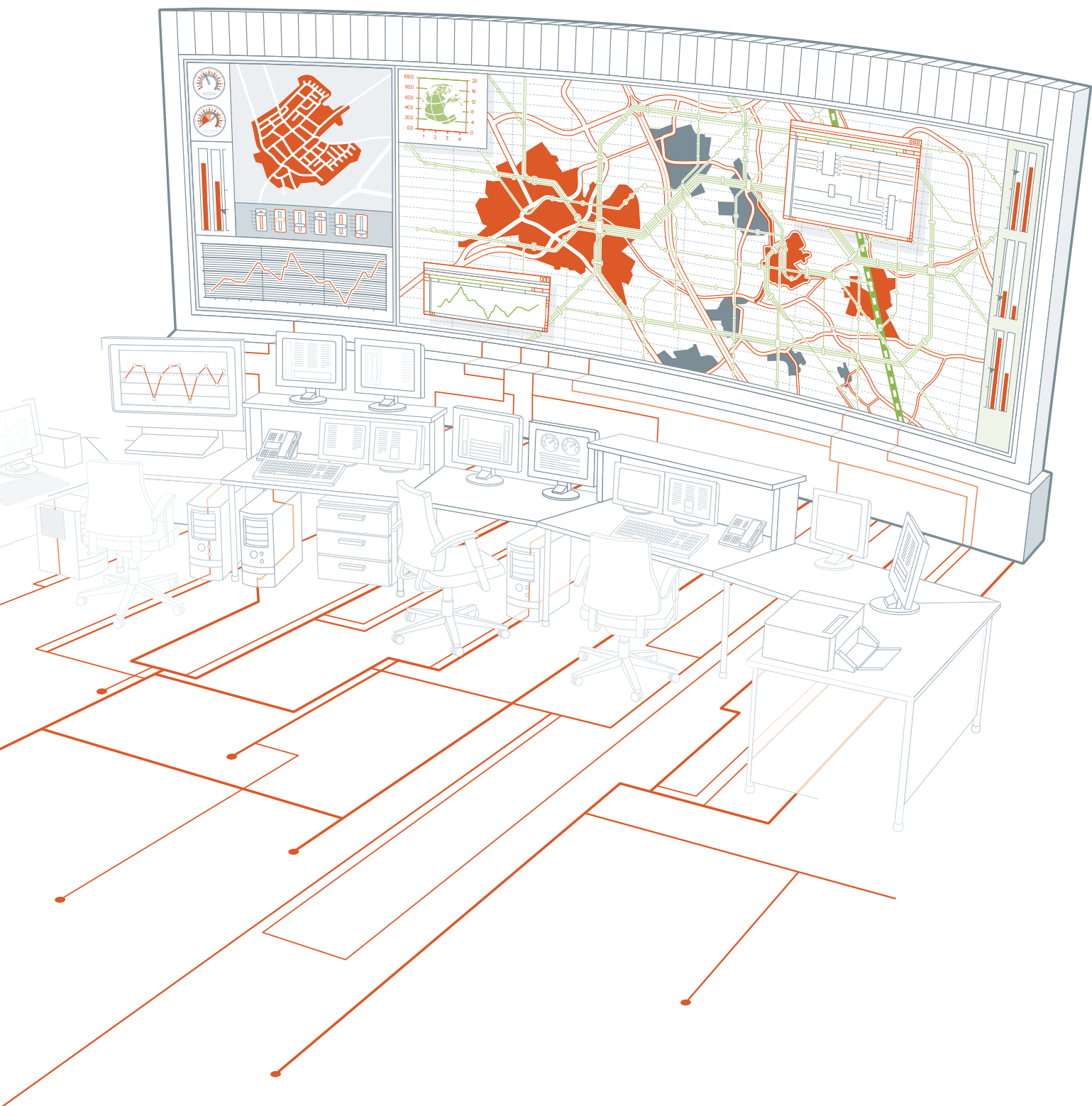




Small Planet

Report on the 1st Quarter of 2011

PSI 

PSI Group Data as per 31 March 2011 at a Glance (IFRS)

	01/01-31/03/11 in KEUR	01/01-31/03/10 in KEUR	Change in KEUR	Change in %
Revenues	38,779	37,133	+1,646	+4.4
Operating Result	2,094	1,754	+340	+19.4
Result before income taxes	1,657	1,362	+295	+21.7
Net result	1,395	1,154	+241	+20.9
Cash and cash equivalents	32,240	19,602	+12,638	+64.5
Employees on 31 March	1,419	1,398	+21	+1.5
Revenue/Employee	27.3	26.6	+0.7	+2.6

Interim Management Report

Business Development

Earnings

PSI Group increased its EBIT by 19 % to 2.1 million Euros in the first quarter of 2011 (31 March 2010: 1.8 million Euros). Its group net earnings after interest and taxes were, at 1.4 million Euros, 21 % above the value for the previous year (31 March 2010: 1.2 million Euros). Group sales increased by 4 % to 38.8 million Euros (31 March 2010: 37.1 million Euros). New orders increased compared to the previous year by 20 % to 54 million Euros (31 March 2010: 45 million Euros), the order backlog increased to 116 million Euros (31 March 2010: 105 million Euros).

Energy Management (electricity, gas, oil, heat) achieved 3 % higher sales of 16 million Euros in the first quarter (31 March 2010: 15.5 million Euros). The EBIT for the segment was 1.5 million Euros, as in the previous year. The gas and oil business continued its good development from the previous year and again obtained important follow-up contracts in Russia. The electrical energy business continued to invest in functions for the intelligent grid control and obtained an important new customer in the German market.

Sales in Production Management (raw materials, industry, logistics) were, at 18.5 million Euros, 19 % above the value for the previous year (31 March 2010: 15.5 million Euros). The EBIT increased to 0.8 million Euros (31 March 2010: 0.2 million Euros). PSI expects further increases in sales and improvements in the EBIT in this segment as a result of follow-up contracts and sales of licenses for the new raw materials extraction control system.

In Infrastructure Management (transportation and security) sales decreased by 29 % to 4.3 million Euros (31 March 2010: 6.1 million Euros) due to project cycles and the sale of the telecommunications business at the end of the year. As in the previous year, the segment had an EBIT of 0.3 million Euros. In this segment PSI has been awarded major contracts in Thailand and Malaysia, which will lead to increases in sales and EBIT in the coming quarters.

Financial Position

The cash flow from operating activities improved to 2.6 million Euros (31 March 2010: -0.8 million Euros), so that cash and cash equivalents rose to 32.2 million Euros (31 March 2010: 19.6 million Euros).

Assets

Compared to 31 December 2010, there have not been any material changes in the Group's assets.

Personnel Development

The number of employees grew slightly to 1,419 on 31 March 2011 (31 March 2010: 1,398).

PSI-Shares

The PSI stock ended the 1st quarter 2011 with a final price of 19.61 Euros, 9.9 % above the final 2010 price of 17.85 Euros. In the same period, the DAXsector Software Index, which includes all the software stocks in the Prime Standard of the German Stock Exchange, had an increase of 12.5 %.

Risk Report

The estimate of the corporate risk has not changed since the Annual Report for 31 December 2010.

Outlook

In the first quarter PSI continued to invest in products for the upcoming technical revolution in the medium and low-voltage grids of customers in the electrical industry. The management is currently investigating acquisition targets and investment opportunities in the fields of intelligent electrical grids and energy efficiency.

In the first quarter PSI enjoyed a continued increase in the number of sales enquiries domestically and in exports to Asia. As a result of the increased demand and the higher volume of orders, the management has reinforced its annual goals and expects continued increases in sales and EBIT in the coming quarters.

Group Balance Sheet

from 1 January 2011 until 31 March 2011 according to IFRS

	3 Month Report 01/01-31/03/11 KEUR	Annual Report 01/01-31/12/10 KEUR
Assets		
Non current assets		
Property, plant and equipment	14,031	13,710
Intangible assets	46,279	46,591
Other financial assets	404	401
Deferred tax assets	4,246	4,310
	64,960	65,012
Current assets		
Inventories	3,517	3,402
Trade accounts receivable, net	27,510	27,938
Receivables from long-term development contracts	39,362	37,242
Other current assets	7,375	6,682
Cash and cash equivalents	32,240	28,882
	110,004	104,146
Total assets	174,964	169,158
Total Equity and Liabilities		
Equity		
Subscribed capital	40,185	40,185
Capital reserves	35,137	35,137
Other reserves	-2,976	-3,526
Accumulated losses	-2,311	-3,706
	70,035	68,090
Non-current liabilities		
Long-term debt	5,328	5,674
Pension provisions	33,714	33,610
Deferred tax liabilities	1,882	1,670
	40,924	40,954
Current liabilities		
Trade payables	15,098	15,410
Other current liabilities	29,978	25,773
Liabilities from long-term development contracts	16,741	16,154
Short-term debt	1,867	2,485
Provisions	321	292
	64,005	60,114
Total equity and liabilities	174,964	169,158

Group Income Statement

from 1 January 2011 until 31 March 2011 according to IFRS

	3 Month Report 01/01-31/03/11 KEUR	3 Month Report 01/01-31/03/10 KEUR
Sales revenues	38,779	37,133
Other operating income	2,177	1,475
Changes in inventories of work in progress	17	7
Cost of materials	-5,393	-5,763
Personnel expenses	-24,557	-23,215
Depreciation and amortization	-994	-1,019
Other operating expenses	-7,935	-6,864
Operating result	2,094	1,754
Interest income	26	18
Interest expenses	-463	-434
Result from equity investments	0	24
Result before income taxes	1,657	1,362
Income tax	-262	-208
Net result	1,395	1,154
Earnings per share (in Euro per share, basic)	0.09	0.07
Earnings per share (in Euro per share, diluted)	0.09	0.07
Weighted average shares outstanding (basic)	15,697,366	15,697,366
Weighted average shares outstanding (diluted)	15,697,366	15,697,366

Group comprehensive Income Statement

from 1 January 2011 until 31 March 2011 according to IFRS

	3 Month Report 01/01-31/03/11 KEUR	3 Month Report 01/01-31/03/10 KEUR
Net result	1,395	1,154
Currency translation foreign operations	206	431
Net losses from cash flows hedges	490	0
Income tax effects	-146	0
Group comprehensive result	1,945	1,585

Group Cash Flow Statement

from 1 January 2011 until 31 March 2011 according to IFRS

	3 Month Report 01/01-31/03/11 KEUR	3 Month Report 01/01-31/03/10 KEUR
CASHFLOW FROM OPERATING ACTIVITIES		
Result before income taxes	1,657	1,362
Adjustments for non-cash expenses		
Amortization on intangible assets	445	542
Depreciation of property, plant and equipment	549	477
Interest income	-26	-18
Interest expenses	463	434
Other income/expense without cash effect	0	408
	3,088	3,205
Changes of working capital		
Inventories	-115	-408
Trade receivables	-1,691	-957
Other current assets	-2,684	-1,324
Provisions	19	-329
Trade payables	-312	-1,518
Other current liabilities	4,801	348
	18	-4,188
Interest paid	-69	-39
Income taxes paid	-405	252
Cash flow from operating activities	2,632	-770
CASHFLOW FROM INVESTING ACTIVITIES		
Additions to intangible assets	-132	-55
Additions to property, plant and equipment	-870	-637
Additions to associated companies	-3	0
Additions to investments in subsidiaries	0	-137
Disposals of subsidiaries	1,973	0
Interest received	26	18
Cash flow from investing activities	994	-811
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds/repayments from/of borrowings	-474	418
Cash flow from financing activities	-474	418
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Changes in cash and cash equivalents	3,152	-1,163
Valuation-related changes in cash and cash equivalents	206	0
Cash and cash equivalents at beginning of the period	28,882	20,765
Cash and cash equivalents at the end of the period	32,240	19,602

Statement of Changes in Equity

from 1 January 2011 until 31 March 2011 according to IFRS

	Number of shares issued	Share capital	Additional paid-in capital	Reserve for treasury stock	Other reserves	Accumulated losses	Total
	Number	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As of 31 December 2009	15,697,366	40,185	35,244	0	-1,589	-7,551	66,289
Group comprehensive result after tax					-1,937	7,047	5,110
Dividend distributions						-3,202	-3,202
Cost of equity fund raising			-107				-107
As of 31 December 2010	15,697,366	40,185	35,137	0	-3,526	-3,706	68,090
Group comprehensive result after tax					550	1,395	1,945
As of 31 March 2011	15,697,366	40,185	35,137	0	-2,976	-2,311	70,035

Shares and Options held by Management Board and Supervisory Board as of 31 March 2011

	Shares	Options
Management Board		
Dr. Harald Schrimpf	68,000	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 had earnings of KEUR 112 in the first three months of 2011, which consist of 100 % fixed component.

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 2011.

Notes on the consolidated financial statements as of 31 March 2011

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, transport and safety. 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 listed in the Prime Standard segment of the Frankfurt stock exchange.

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 condensed interim consolidated financial statements for the period from 1 January 2011 to 31 March 2011 were released for publication by a decision of the management on 21 April 2011.

The condensed interim consolidated financial statements for the period from 1 January 2011 to 31 March 2011 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 2010.

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 2010.

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

On January 3, 2011, the new subsidiary PSI Metals North America, Inc. was entered in the trade register of the state Delaware, USA. The new company will focus on marketing PSI solutions in the North American steel industry and providing local support to existing customers.

5. Selected Individual Items

Cash and cash equivalents

	31 March 2011 KEUR	31 December 2010 KEUR
Bank balances	13,998	11,082
Fixed term deposits	18,203	17,776
Cash	39	24
	32,240	28,882

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:

	31 March 2011 KEUR	31 December 2010 KEUR
Costs incurred on uncompleted contracts	86,424	82,269
Profit shares	22,817	18,015
Contract revenue	109,241	100,284
Payments on account	-86,620	-79,196
Set off against contract revenue	-69,879	-63,042
Receivables from long-term construction contracts	39,362	37,242
Liabilities from long-term construction contracts	16,741	16,154

Taxes on income

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

	31 March 2011 KEUR	31 December 2010 KEUR
Effective taxes expenses		
Effective tax expenses	-132	-1,452
Deferred taxes		
Emergence and reversal of temporary differences	-130	621
Tax expenses/income	-262	-831

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, district heating and water markets. Focal points are reliable and economically sound solutions for intelligent 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 efficiency, quality and profitability.
- Infrastructure Management: High-availability control system solutions designed for monitoring and economically sound operation of infrastructures in the transportation, public safety, environmental protection and disaster prevention areas.

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 2011 until 31 March 2011 according to IFRS

	Energy Management		Production Management		Infrastructure Management		Reconciliation		PSI Group	
	31/03/ 2011 KEUR	31/03/ 2010 KEUR	31/03/ 2011 KEUR	31/03/ 2010 KEUR	31/03/ 2011 KEUR	31/03/ 2010 KEUR	31/03/ 2011 KEUR	31/03/ 2010 KEUR	31/03/ 2011 KEUR	31/03/ 2010 KEUR
Sales revenues										
Sales to external customers	15,964	15,537	18,492	15,462	4,323	6,134	0	0	38,779	37,133
Inter-segment sales	899	790	440	614	1,196	415	-2,535	-1,819	0	0
Segment revenues	16,863	16,327	18,932	16,076	5,519	6,549	-2,535	-1,819	38,779	37,133
Other operating income	1,059	781	2,450	1,381	585	338	-1,917	-1,025	2,177	1,475
Changes in inventories of work in progress	0	0	9	0	8	7	0	0	17	7
Cost of purchased services	-618	-646	-2,049	-1,325	-247	-767	462	280	-2,452	-2,458
Cost of purchased materials	-1,882	-1,968	-1,082	-385	-1,557	-1,583	1,580	631	-2,941	-3,305
Personnel expenses	-10,518	-9,741	-11,355	-10,572	-2,575	-2,863	-109	-39	-24,557	-23,215
Depreciation and amortization	-300	-253	-218	-214	-146	-133	-15	-15	-679	-615
Other operating expenses	-3,091	-2,969	-5,682	-4,506	-1,265	-1,207	2,103	1,818	-7,935	-6,864
Operating result before interest, tax, depreciation and amortisation	1,813	1,784	1,223	669	468	474	-416	-154	3,088	2,773
Operating result before depreciation and amortisation resulting from purchase price allocation	1,513	1,531	1,005	455	322	341	-431	-169	2,409	2,158
Depreciation and amortisation resulting from purchase price allocation	-33	-33	-213	-283	-69	-88	0	0	-315	-404
Operating result	1,480	1,498	792	172	253	253	-431	-169	2,094	1,754
Interest income	-156	-150	-211	-189	-70	-53	0	0	-437	-392
Result before income taxes	1,324	1,348	581	-17	183	200	-431	-169	1,657	1,362
Interest in associates carried at equity	404	383	0	0	0	0	0	0	404	383
Segment assets	49,105	48,561	69,764	58,429	41,455	40,162	10,394	5,608	170,718	152,760
Segment liabilities	26,930	24,985	49,248	38,739	14,576	15,887	11,809	5,369	102,563	84,980
Segment investments	322	129	115	122	43	74	525	367	1,005	692

Financial Calendar

15 March 2011	Publication Annual Result 2010
15 March 2011	Analyst Conference
26 April 2011	Report on the 1 st Quarter of 2011
29 April 2011	Annual General Meeting
28 July 2011	Report on the 1 st Six Months of 2011
28 October 2011	Report on the 3 rd Quarter of 2011
November 2011	Analyst Presentation, German Equity Forum

Your Investor Relations contact person:

Karsten Pierschke

Telephone: +49 30 2801-2727

Fax: +49 30 2801-1000

E-Mail: kpierschke@psi.de

We will be happy to include you in our distribution list for stockholder information.

Please contact us should you require other information material.

For the latest IR information, please visit our website at www.psiag.com/ir.

PSI Aktiengesellschaft für
Produkte und Systeme der
Informationstechnologie

Dircksenstraße 42-44
10178 Berlin
Germany
Telephone: +49 30 2801-0
Fax: +49 30 2801-1000
ir@psi.de
www.psi.de

PSI 