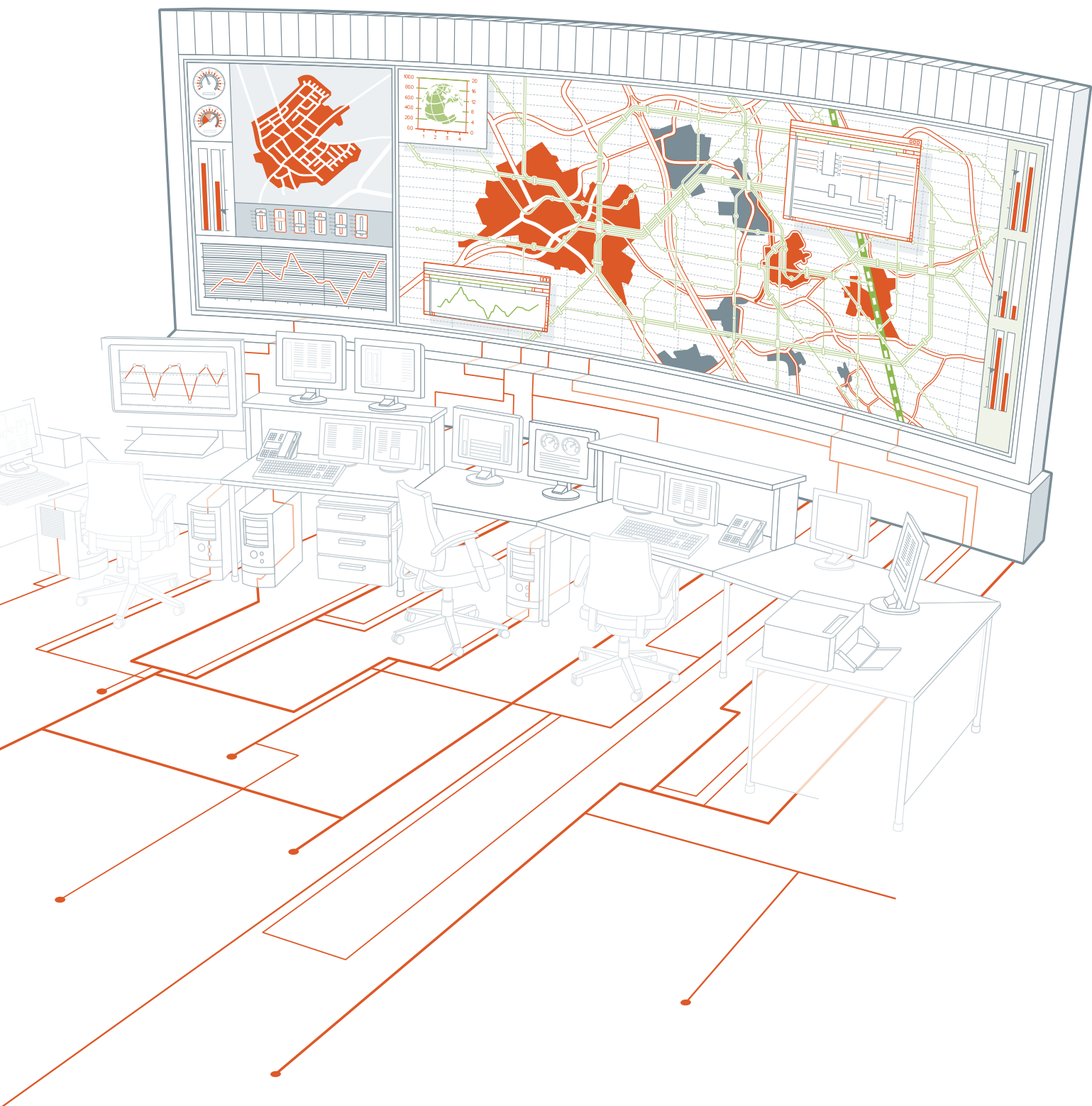




Small Planet

Report on the 1st Six Months of 2011

PSI 

PSI Group Data as per 30 June 2011 at a Glance (IFRS)

	01/01-30/06/11 in KEUR	01/01-30/06/10 in KEUR	Change in KEUR	Change in %
Revenues	76,221	77,063	-842	-1.1
Operating Result	3,839	3,681	+158	+4.3
Result before income taxes	2,999	2,838	+161	+5.7
Net result	1,908	2,179	-271	-12.4
Cash and cash equivalents	26,053	13,473	+12,580	+93.4
Employees on 30 June	1,441	1,400	+41	+2.9
Revenue/Employee	52.9	55.0	-2.1	-3.8

Interim Management Report

Business Development

Earnings

PSI Group increased its EBIT by 4 % to 3.8 million Euros in the first six months of 2011 (30 June 2010: 3.7 million Euros). The EBT increased compared to the same period for the previous year by 5 % to 3.0 million Euros (30 June 2010: 2.8 million Euros), at 1.9 million Euros the group net earnings after interest and taxes were, as a result of deferred taxes, below the value for the previous year (30 June 2010: 2.2 million Euros). Group sales were about constant at 76.2 million Euros (30 June 2010: 77.1 million Euros). The volume of new orders increased over the same period for the previous year by 4 % to 97 million Euros (30 June 2010: 93 million Euros), the order backlog in the Group increased significantly to 125 million Euros (30 June 2010: 114 million Euros).

Energy Management (electricity, gas, oil, heat, water) achieved 4 % higher sales of 31.7 million Euros (30 June 2010: 30.4 million Euros). The EBIT decreased as a result of high project costs and investments in systems for electrical distribution grids in Germany and particularly in exports to 2.6 million Euros (30 June 2010: 3.2 million Euros). PSI is preparing itself for the expected greater demand in Germany resulting from the change its energy policy. The gas and oil business and the business with systems for rail electricity and electrical transmission networks continue to develop very well.

Sales in Production Management (raw materials, industry, logistics) were, at 35.8 million Euros, 9 % above the value for the previous year (30 June 2010: 32.9 million Euros). The EBIT increased to 1.7 million Euros (30 June 2010: 0.4 million Euros). PSI expects further increases in sales and profitability in this segment as a result of follow-up contracts for the raw materials extraction control system.

In Infrastructure Management (transportation and security) sales decreased by 37 % to 8.7 million Euros (30 June 2010: 13.8 million Euros) as a result of the sale of the telecommunications business at the end of the year and a new procurement behaviour in Europe resulting from new prerequisites for subsidies. As in the previous year the segment had an EBIT of 0.5 million Euros. In this segment PSI was awarded major contracts in Southeast Asia in the first six months of this year, which will lead to increases in sales and EBIT in the second half of the year.

Financial Position

The cash flow from operating activities improved significantly to 1.8 million Euros (30 June 2010: -2.7 million Euros), so that the liquid funds rose to 26.1 million Euros (30 June 2010: 13.5 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 increased as of 30 June 2011 to 1,441 (30 June 2010: 1,400).

PSI-Shares

The PSI stock ended the first six months of 2011 with a final price of 20.25 Euro, 13.4 % 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 11.7 %.

Risk Report

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

Outlook

In the first six months, PSI continued to invest in products for the upcoming technical revolution in the medium and low-voltage grids of distribution grid operators. It is expected that customers will be making significant increases in investments in smart grid control in the coming years. PSI is working on continued improvements of quarterly results through better management of the corresponding pre-development and marketing costs.

As a consequence of the high volume of new orders in the fourth quarter of 2010 and the first quarter of 2011, PSI expects to have a strong second six months in 2011. On the basis of higher license earnings and an expansion of business in Eastern Europe, the management expects to achieve the year's goal of an EBIT of 13 million Euros.

Group Balance Sheet

from 1 January 2011 until 30 June 2011 according to IFRS

	6 Month Report 01/01-30/06/11 KEUR	Annual Report 01/01-31/12/10 KEUR
Assets		
Non current assets		
Property, plant and equipment	13,957	13,710
Intangible assets	46,061	46,591
Other financial assets	404	401
Deferred tax assets	4,250	4,310
	64,672	65,012
Current assets		
Inventories	4,665	3,402
Trade accounts receivable, net	29,860	27,938
Receivables from long-term development contracts	39,905	37,242
Other current assets	4,819	6,682
Cash and cash equivalents	26,053	28,882
	105,302	104,146
Total assets	169,974	169,158
Total Equity and Liabilities		
Equity		
Subscribed capital	40,185	40,185
Capital reserves	35,137	35,137
Reserve for treasury stock	-198	0
Other reserves	-4,207	-3,526
Accumulated losses	-5,408	-3,706
	65,509	68,090
Non-current liabilities		
Long-term debt	5,717	5,674
Pension provisions	33,884	33,610
Deferred tax liabilities	2,030	1,670
	41,631	40,954
Current liabilities		
Trade payables	14,459	15,410
Other current liabilities	26,024	25,773
Liabilities from long-term development contracts	20,076	16,154
Short-term debt	1,978	2,485
Provisions	297	292
	62,834	60,114
Total equity and liabilities	169,974	169,158

Group Income Statement

from 1 January 2011 until 30 June 2011 according to IFRS

	Quarterly Report II		6-Month Report	
	01/04/11- 30/06/11 KEUR	01/04/10- 30/06/10 KEUR	01/01/11- 30/06/11 KEUR	01/01/10- 30/06/10 KEUR
Sales Revenues	37,442	39,930	76,221	77,063
Other operating income	1,425	811	3,602	2,286
Changes in inventories of work in progress	-34	2	-17	9
Cost of materials	-6,571	-6,269	-11,964	-12,032
Personnel expenses	-22,675	-23,537	-47,232	-46,752
Depreciation and amortization	-882	-1,054	-1,876	-2,073
Other operating expenses	-6,960	-7,956	-14,895	-14,820
Operating result	1,745	1,927	3,839	3,681
Interest income	61	35	87	53
Interest expenses	-464	-486	-927	-920
Result from equity investments	0	0	0	24
Result before income taxes	1,342	1,476	2,999	2,838
Income tax	-829	-451	-1,091	-659
Net result	513	1,025	1,908	2,179
Earnings per share (in Euro per share, basic)	0.03	0.07	0.12	0.14
Earnings per share (in Euro per share, diluted)	0.03	0.07	0.12	0.14
Weighted average shares outstanding (basic)	15,696,157	15,697,366	15,696,758	15,697,366
Weighted average shares outstanding (diluted)	15,696,157	15,697,366	15,696,758	15,697,366

Group comprehensive Income Statement

from 1 January 2011 until 30 June 2011 according to IFRS

	01/04/11- 30/06/11 KEUR	01/04/10- 30/06/10 KEUR	01/01/11- 30/06/11 KEUR	01/01/10- 30/06/10 KEUR
Net result	513	1,025	1,908	2,179
Currency translation foreign operations	-677	638	-471	1,069
Net losses from cash flows hedges	-794	0	-304	0
Income tax effects	240	0	94	0
Group comprehensive result	-718	1,663	1,227	3,248

Group Cash Flow Statement

from 1 January 2011 until 30 June 2011 according to IFRS

	6 Month Report 01/01-30/06/11 KEUR	6 Month Report 01/01-30/06/10 KEUR
CASHFLOW FROM OPERATING ACTIVITIES		
Result before income taxes	2,999	2,838
Adjustments for non-cash expenses		
Amortization on intangible assets	770	1,104
Depreciation of property, plant and equipment	1,106	969
Interest income	-87	-53
Interest expenses	927	920
Other income/expense without cash effect	0	1,046
	5,715	6,824
Changes of working capital		
Inventories	-1,263	-5
Trade receivables	-4,585	-2,598
Other current assets	-107	-1,086
Provisions	-487	-781
Trade payables	-951	-2,898
Other current liabilities	4,174	-1,999
	-3,219	-9,367
Interest paid	-141	-91
Income taxes paid	-599	-99
Cash flow from operating activities	1,756	-2,733
CASHFLOW FROM INVESTING ACTIVITIES		
Additions to intangible assets	-240	-159
Additions to property, plant and equipment	-1,354	-2,105
Additions to associated companies	-3	0
Additions to investments in subsidiaries	0	-154
Disposals of subsidiaries	1,973	0
Interest received	87	53
Cash flow from investing activities	463	-2,365
CASHFLOW FROM FINANCING ACTIVITIES		
Dividends paid	-3,610	-3,202
Proceeds/repayments from/of borrowings	-769	1,008
Outflows for share buybacks	-198	0
Cash flow from financing activities	-4,577	-2,194
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Changes in cash and cash equivalents	-2,358	-7,292
Valuation-related changes in cash and cash equivalents	-471	0
Cash and cash equivalents at beginning of the period	28,882	20,765
Cash and cash equivalents at the end of the period	26,053	13,473

Statement of Changes in Equity

from 1 January 2011 until 30 June 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					-681	1,908	1,227
Share buybacks	-10,000			-198			-198
Dividends paid						-3,610	-3,610
As of 30 June 2010	15,687,366	40,185	35,137	-1980	-4,207	-5,408	65,509

Shares and Options held by Management Board and Supervisory Board as of 30 June 2011

	Shares	Options
Management Board		
Dr. Harald Schrimpf	66,000	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	104,450	0
Prof. Dr. Rolf Windmüller	6,305	0

The Management Board of PSI had earnings of KEUR 592 in the first six months of 2011, which consist of a fixed component of KEUR 222 and variable component of KEUR 370.

Because Supervisory Board payments are made in the 4th quarter of the year, the Supervisory Board did not obtain any remuneration in the first six months of 2011.

Notes on the consolidated financial statements as of 30 June 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 30 June 2011 were released for publication by a decision of the management on 22 July 2011.

The condensed interim consolidated financial statements for the period from 1 January 2011 to 30 June 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

	30 June 2011 KEUR	31 December 2010 KEUR
Bank balances	13,494	11,082
Fixed term deposits	12,522	17,776
Cash	37	24
	26,053	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 (labour 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 June 2011 KEUR	31 December 2010 KEUR
Costs incurred on uncompleted contracts	86,247	82,269
Profit shares	23,156	18,015
Contract revenue	109,403	100,284
Payments on account	-89,574	-79,196
Set off against contract revenue	-69,498	-63,042
Receivables from long-term construction contracts	39,905	37,242
Liabilities from long-term construction contracts	20,076	16,154

Taxes on income

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

	30 June 2011 KEUR	31 December 2010 KEUR
Effective taxes expenses		
Effective tax expenses	-577	-1,452
Deferred taxes		
Emergence and reversal of temporary differences	-514	621
Tax expenses/income	-1,091	-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 30 June 2011 according to IFRS

	Energy Management		Production Management		Infrastructure Management		Reconciliation		PSI Group	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Sales revenues										
Sales to external customers	31,748	30,361	35,772	32,913	8,701	13,789	0	0	76,221	77,063
Inter-segment sales	911	1,771	556	1,394	2,264	851	-3,731	-4,016	0	0
Segment revenues	32,659	32,132	36,328	34,307	10,965	14,640	-3731	-4,016	76,221	77,063
Other operating income	2,552	2,813	3,615	2,111	1,196	697	-3,761	-3,335	3,602	2,286
Changes in inventories of work in progress	0	0	-22	4	5	5	0	0	-17	9
Cost of purchased services	-2,830	-1,634	-3,957	-2,965	-1,471	-2,894	2,467	1,980	-5,791	-5,513
Cost of purchased materials	-2,318	-3,955	-1,396	-1,215	-2,440	-2,676	-19	1,327	-6,173	-6,519
Personnel expenses	-20,312	-19,241	-21,999	-21,535	-4,765	-5,871	-156	-105	-47,232	-46,752
Depreciation and amortization	-613	-511	-442	-426	-285	-280	-30	-30	-1,370	-1,247
Other operating expenses	-6,447	-6,391	-10,029	-9,407	-2,690	-2,852	4,271	3,830	-14,895	-14,820
Operating result before interest, tax, depreciation and amortisation	3,304	3,724	2,540	1,300	800	1,049	-929	-319	5,715	5,754
Operating result before depreciation and amortisation resulting from purchase price allocation										
	2,691	3,213	2,098	874	515	769	-959	-349	4,345	4,507
Depreciation and amortisation resulting from purchase price allocation	-65	-66	-416	-494	-25	-266	0	0	-506	-826
Operating result	2,626	3,147	1,682	380	490	503	-959	-349	3,839	3,681
Interest income	-335	-333	-391	-362	-114	-148	0	0	-840	-843
Result before income taxes	2,291	2,814	1,291	18	376	355	-959	-349	2,999	2,838
Interest in associates carried at equity	404	383	0	0	0	0	0	0	404	383
Segment assets	50,942	42,741	66,733	57,203	40,249	41,130	7,800	7,284	165,724	148,358
Segment liabilities	26,834	21,738	47,620	38,221	14,855	14,755	12,483	7,093	101,792	81,807
Segment investments	531	305	367	226	147	150	552	1,583	1,597	2,264

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
23 November 2011	Analyst Presentation, German Equity Forum

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