

Report on the 1st Quarter of 2012

Smart RESOURCES



PSI 

PSI Group Data as per 31 March 2012 at a Glance (IFRS)

	01/01-31/03/12 in KEUR	01/01-31/03/11 in KEUR	Change in KEUR	Change in %
Revenues	40,841	38,779	+2,062	+5.3
Operating Result	2,044	2,094	-50	-2.4
Result before income taxes	1,600	1,657	-57	-3.4
Net result	1,313	1,395	-82	-5.9
Cash and cash equivalents	35,298	32,240	+3,058	+9.5
Employees on 31 March	1,517	1,419	+98	+6.9
Revenue/Employee	26.9	27.3	-0.4	-1.5

Interim Management Report

Business Development

Earnings

PSI Group obtained a record number of new orders of 69 million Euros in the first quarter of 2012 (31 March 2011: 54 million Euros). Group sales increased by 5 % to 40.8 million Euros (31 March 2011: 38.8 million Euros), the order book volume increased as of 31 March 2012 by 21 % to 140 million Euros (31 March 2011: 116 million Euros). The EBIT in the first quarter of 2012 was, with 2.04 million Euros, stable (31 March 2011: 2.09 million Euros), the Group result was, at 1.3 million Euros, slightly below the value for the previous year (31 March 2011: 1.4 million Euros).

Energy Management (electricity, gas, oil, heat) had stable sales of 15.8 million Euros (31 March 2011: 16 million Euros) in the first quarter. The EBIT was, at 0.8 million Euros, well below the value for the previous year (31 March 2011: 1.5 million Euros). The gas and oil business continued its very good development and again obtained important orders from Russia. The electrical energy segment continued to be encumbered by the development work for the energy shift and expects larger orders with the change of the year.

Sales in Production Management (raw materials, industry, logistics) were, at 20.8 million Euros, 12 % above the value for the previous year (31 March 2011: 18.5 million Euros). The EBIT increased by 50 % to 1.2 million Euros (31 March 2011: 0.8 million Euros). The metals industry segment had large international orders and again provided the largest contribution to the result.

In Infrastructure Management (transportation and security), sales remained about constant at 4.2 million Euros (31 March 2011: 4.3 million Euros). The EBIT for the business increased to 0.4 million Euros (31 March 2011: 0.3 million Euros). PSI Poland developed especially positively while the public transportation segment obtained important follow-up orders from German customers.

Financial Position

The cash flow from operating activities was again positive at 1.8 million Euros (31 March 2011: 2.6 million Euros), liquidity increased to 35.3 million Euros (31 March 2011: 32.2 million Euros).

Assets

Compared to 31 December 2011, there have not been any material changes in the Group's assets.

Personnel Development

The number of employees in the Group increased as of 31 March 2012, primarily due to the growth in exports, to 1,517 (31 March 2011: 1,419).

PSI-Shares

The PSI stock ended the 1st Quarter of 2012 with a final price of 16.85 Euros, 14.5 % above the final 2011 price of 14.72 Euros. In the same period the TecDAX index rose by 15.3 %.

Risk Report

The estimate of the corporate risk has not changed since the Annual Report for 31 December 2011.

Outlook

With the acquisition of the Swiss Time-steps AG in the first quarter, PSI set another strong signal in the smart grid and smart energy market. The Time-steps AG optimisation model allows for the optimal use of energy storage, which will play an increasingly important role for the integration of renewable energies. The management is considering other targets for acquisition, especially in the field of energy.

As a result of the high volume of new orders since the beginning of the year, the management remains confident that the annual targets of 190 million Euros in new orders, 180 million Euros in sales and 13-16 million Euros EBIT will be attained. In the coming quarters PSI expects further improvements in the EBIT as a result of licenses from the current orders and further orders with a high percentage of licenses.

Group Balance Sheet

from 1 January 2012 until 31 March 2012 according to IFRS

	3 Month Report 01/01-31/03/12 KEUR	Annual Report 01/01-31/12/11 KEUR
Assets		
Non current assets		
Property, plant and equipment	14,438	14,464
Intangible assets	47,664	46,188
Other financial assets	208	208
Deferred tax assets	4,820	4,333
	67,130	65,193
Current assets		
Inventories	4,344	4,048
Trade accounts receivable, net	25,683	31,163
Receivables from long-term development contracts	42,509	37,551
Other current assets	5,906	3,860
Cash and cash equivalents	35,298	33,846
	113,740	110,468
Total assets	180,870	175,661
Total Equity and Liabilities		
Equity		
Subscribed capital	40,185	40,185
Capital reserves	35,137	35,137
Reserve for treasury stock	-368	-368
Other reserves	-2,050	-2,172
Accumulated losses	1,441	128
	74,345	72,910
Non-current liabilities		
Long-term debt	495	795
Pension provisions	32,169	32,104
Deferred tax liabilities	2,981	2,356
	35,645	35,255
Current liabilities		
Trade payables	15,739	16,979
Other current liabilities	31,295	27,705
Liabilities from long-term development contracts	19,620	20,233
Short-term debt	3,996	2,336
Provisions	230	243
	70,880	67,496
Total equity and liabilities	180,870	175,661

Group Income Statement

from 1 January 2012 until 31 March 2012 according to IFRS

	3 Month Report 01/01-31/03/12 KEUR	3 Month Report 01/01-31/03/11 KEUR
Sales revenues	40,841	38,779
Other operating income	1,830	2,177
Changes in inventories of work in progress	5	17
Cost of materials	-6,219	-5,393
Personnel expenses	-24,680	-24,557
Depreciation and amortization	-955	-994
Other operating expenses	-8,778	-7,935
Operating result	2,044	2,094
Interest income	29	26
Interest expenses	-473	-463
Result from equity investments	0	0
Result before income taxes	1,600	1,657
Income tax	-287	-262
Net result	1,313	1,395
Earnings per share (in Euro per share, basic)	0.08	0.09
Earnings per share (in Euro per share, diluted)	0.08	0.09
Weighted average shares outstanding (basic)	15,676,698	15,697,366
Weighted average shares outstanding (diluted)	15,676,698	15,697,366

Group comprehensive Income Statement

from 1 January 2012 until 31 March 2012 according to IFRS

	3 Month Report 01/01-31/03/12 KEUR	3 Month Report 01/01-31/03/11 KEUR
Net result	1,313	1,395
Currency translation foreign operations	161	206
Net losses from cash flows hedges	-56	490
Income tax effects	17	-146
Group comprehensive result	1,435	1,945

Group Cash Flow Statement

from 1 January 2012 until 31 March 2012 according to IFRS

	3 Month Report 01/01-31/03/12 KEUR	3 Month Report 01/01-31/03/11 KEUR
CASHFLOW FROM OPERATING ACTIVITIES		
Result before income taxes	1,600	1,657
Adjustments for non-cash expenses		
Amortization on intangible assets	251	445
Depreciation of property, plant and equipment	704	549
Interest income	-29	-26
Interest expenses	473	463
Other income/expense without cash effect	0	0
	2,999	3,088
Changes of working capital		
Inventories	-296	-115
Trade receivables	535	-1,691
Other current assets	-1,914	-2,684
Provisions	-258	19
Trade payables	-1,249	-312
Other current liabilities	2,371	4,801
	-811	18
Interest paid	-61	-69
Income taxes paid	-374	-405
Cash flow from operating activities	1,753	2,632
CASHFLOW FROM INVESTING ACTIVITIES		
Additions to intangible assets	-572	-132
Additions to property, plant and equipment	-665	-870
Additions to associated companies	0	-3
Additions to investments in subsidiaries minus cash acquired	-556	0
Disposals of subsidiaries	0	1,973
Interest received	29	26
Cash flow from investing activities	-1,764	994
CASHFLOW FROM FINANCING ACTIVITIES		
Dividends paid	0	0
Proceeds/repayments from/of borrowings	1,302	-474
Outflows for share buybacks	0	0
Cash flow from financing activities	1,302	-474
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Changes in cash and cash equivalents	1,291	3,152
Valuation-related changes in cash and cash equivalents	161	206
Cash and cash equivalents at beginning of the period	33,846	28,882
Cash and cash equivalents at the end of the period	35,298	32,240

Statement of Changes in Equity

from 1 January 2012 until 31 March 2012 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 2010	15,697,366	40,185	35,137	0	-3,526	-3,706	68,090
Group comprehensive result after tax					1,354	7,444	8,798
Share buybacks	-30,000			-503			-503
Issue of own shares	9,332			135			135
Dividend distributions						-3,610	-3,610
As of 31 December 2011	15,676,698	40,185	35,137	-368	-2,172	128	72,910
Group comprehensive result after tax					122	1,313	1,435
As of 31 March 2012	15,676,698	40,185	35,137	-368	-2,050	-1,441	74,345

Shares and Options held by Management Board and Supervisory Board as of 31 March 2012

	Shares	Options
Management Board		
Dr. Harald Schrimpf	64,000	0
Armin Stein	23,300	0
Supervisory Board		
Dr. Ralf Becherer	1,281	0
Wilfried Götze	54,683	0
Bernd Haus	1,000	0
Barbara Simon	7,900	0
Karsten Trippel	109,750	0
Prof. Dr. Rolf Windmüller	6,305	0

The Management Board of PSI had earnings of KEUR 406 in the first three months of 2012, which consist of a fixed component of KEUR 116 and variable component of KEUR 290.

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 2012.

Notes on the consolidated financial statements as of 31 March 2012

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 and listed there in the TecDAX.

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, organisational changes and the cooperation with strategic partners.

The condensed interim consolidated financial statements for the period from 1 January 2012 to 31 March 2012 were released for publication by a decision of the management on 24 April 2012.

The condensed interim consolidated financial statements for the period from 1 January 2012 to 31 March 2012 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 2011.

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 2011.

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

In a contract signed 3 February 2012, 100 % of the shares were acquired in Time-steps AG, headquartered in Switzerland. At the time of the acquisition the company had assets totalling KEUR 275 and liabilities of KEUR 116. Correspondingly, the net assets (at book values) were KEUR 159. In the course of breaking down the purchase price, these net assets will be offset by the costs of acquisition (KEUR 1,150). The resulting difference will be allocated to the intangible assets with limited utilisation and the goodwill. The intangible assets are thereby resulting primarily from the valuation of the product “stochastic optimisation”. The goodwill resulted primarily from the position of Time-steps at Swiss energy storage operators and the technological know-how. A variable portion of the purchase price is agreed in the purchase contract.

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 2012 are produced.

	Book value before the acquisition KEUR	Adjustment KEUR	Book value after the acquisition KEUR
Non-current assets			
Property, plant and equipment	13	0	13
Other intangible assets	0	550	550
Goodwill	0	605	605
Current assets			
Trade receivables	13	0	13
Other Assets	155	0	155
Cash and cash equivalents	94	0	94
Liabilities			
Deferred tax liabilities	0	164	164
Trade payables	10	0	10
Other liabilities	106	0	106
Net assets	159	991	1,150

Hidden reserves are recognizable for the acquired customer base and for products having an estimated useful life of 8 and 6 years respectively. Goodwill is recognized reflecting the present earnings outlook for Time-steps AG. If the newly acquired subsidiary was included in the consolidated financial statements of PSI AG effective 1 January 2012 group sales of KEUR 40,850 and a group net result of KEUR 1,297 would have resulted.

5. Selected Individual Items

Cash and cash equivalents

	31 March 2012 KEUR	31 December 2011 KEUR
Bank balances	18,003	16,800
Fixed term deposits	17,263	17,013
Cash	32	33
	35,298	33,846

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:

	31 March 2012 KEUR	31 December 2011 KEUR
Costs incurred on uncompleted contracts	94,164	93,556
Profit shares	23,923	28,454
Contract revenue	118,087	122,010
Payments on account	-95,198	-104,692
Set off against contract revenue	-75,578	-84,459
Receivables from long-term construction contracts	42,509	37,551
Liabilities from long-term construction contracts	19,620	20,233

Taxes on income

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

	31 March 2012 KEUR	31 December 2011 KEUR
Effective taxes expenses		
Effective tax expenses	-296	-1,294
Deferred taxes		
Emergence and reversal of temporary differences	9	14
Tax expenses/income	-287	-1,280

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 2012 until 31 March 2012 according to IFRS

	Energy Management		Production Management		Infrastructure Management		Reconciliation		PSI Group	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Sales revenues										
Sales to external customers	15,767	15,964	20,839	18,492	4,235	4,323	0	0	40,841	38,779
Inter-segment sales	155	899	174	440	1,540	1,196	-1,869	-2,535	0	0
Segment revenues	15,922	16,863	21,013	18,932	5,775	5,519	-1,869	-2,535	40,841	38,779
Other operating income	1,786	1,059	1,461	2,450	659	585	-2,076	-1,917	1,830	2,177
Changes in inventories of work in progress	0	0	-11	9	16	8	0	0	5	17
Cost of purchased services	-1,838	-618	-2,216	-2,049	-859	-247	1,113	462	-3,800	-2,452
Cost of purchased materials	-746	-1,882	-606	-1,082	-1,129	-1,557	62	1,580	-2,419	-2,941
Personnel expenses	-10,134	-10,518	-12,010	-11,355	-2,535	-2,575	-1	-109	-24,680	-24,557
Depreciation and amortization	-342	-300	-295	-218	-159	-146	-15	-15	-811	-679
Other operating expenses	-3,785	-3,091	-6,077	-5,682	-1,327	-1,265	2,411	2,103	-8,778	-7,935
Operating result before interest, tax, depreciation and amortisation	1,205	1,813	1,554	1,223	600	468	-360	-416	2,999	3,088
Operating result before depreciation and amortisation resulting from purchase price allocation	863	1,513	1,259	1,005	441	322	-375	-431	2,188	2,409
Depreciation and amortisation resulting from purchase price allocation	-47	-33	-92	-213	-5	-69	0	0	-144	-315
Operating result	816	1,480	1,167	792	436	253	-375	-431	2,044	2,094
Interest income	-143	-156	-190	-211	-111	-70	0	0	-444	-437
Result before income taxes	673	1,324	977	581	325	183	-375	-431	1,600	1,657
Interest in associates carried at equity	193	404	0	0	15	0	0	0	208	404
Segment assets	59,079	49,105	72,992	69,764	43,701	41,455	278	10,394	176,050	170,718
Segment liabilities	30,364	26,930	49,920	49,248	16,092	14,576	6,017	11,809	102,393	102,563
Segment investments	1,525	322	402	115	202	43	276	525	2,405	1,005

Financial Calendar

15 March 2012	Publication Annual Result 2011
15 March 2012	Analyst Conference
26 April 2012	Report on the 1 st Quarter of 2012
3 May 2012	Annual General Meeting
27 July 2012	Report on the 1 st Six Months of 2012
29 October 2012	Report on the 3 rd Quarter of 2012
12-14 November 2012	Analyst Presentation, German Equity Forum

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