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Resource Man  
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Report on the 1st Quarter

PSI 

Business development in the first quarter confirmed the optimistic expectations for 2000. The PSI Group increased its revenues in the first quarter of 2000 over the previous year by 32% and achieved an operating profit of DM 0.5 million. PSI's leading position in the future-oriented market of Resource Management via Internet even meant that new orders doubled to over DM 75 million.

#### PSI Group at a Glance, 31 March 2000

	1 Jan.-31 Mar. 00 million DM	1 Jan.-31 Mar. 99 million DM	Change million DM	Change in %
Sales	60.6	45.8	+14.8	+32.3
Gross profit on sales	20.4	8.0	+12.4	+155.0
Operating expenses	19.9	13.7	+6.2	+45.3
Operative result	0.5	-5.7	+6.2	+108.8
Result before tax	0.6	-5.5	+6.1	+110.9
Employees on 31 Mar. 00	1,222	975	+247	+25.3

#### Business Development

The PSI Group increased its sales in the first quarter of 2000 by 32 % to DM 60.6 million over the same period for last year.

Sales increased in the Product Business in the 1st quarter after the turn of the millennium by 32% to DM 18.8 million.

The System Business also grew by 32% and attained sales of DM 41.8 million, reaching a total of 69% of Group sales.

The operating profit in the Systems Business increased by 127% to DM 5 million.

Improvements in orders and cost management led to an improved operating result of DM –4.5 million in the Product Business. This resulted in a total operating Group profit of DM 0.5 million.

New orders in the 1st quarter could be doubled to more than DM 75 million. Besides a general recovery of the software market, the high investments of the previous year made a positive difference. Along with the new version of the Internet based business solution PSIPENTA, a new positioning of PSI as a software provider for Resource Management via Internet has been positively received by the market.

The integration of the new subsidiaries acquired since the IPO is also moving forward positively. PSI-BT, a joint venture established with the German steel industry on 1 January 2000 and the eBusiness specialist UBIS deserves special note in this regard. PSI-BT was able to increase new orders in the first quarter of operations by 64% to DM 13.6 million compared to the corresponding value of the previous year. UBIS, of which PSI holds 75%, is one of the few profitable eBusiness providers, and holds a leading position in agent-oriented technologies.

#### **Personnel Development**

Despite the difficult situation on the market for qualified IT personnel, the size of the Group staff increased to 1,222. This is particularly important because qualified and motivated staff are a prerequisite for further growth at PSI.

#### **Special Events in the First Quarter**

PSI attained 90% of the shares of PLANAR GmbH on 10 February 2000. This system company integrates solutions for the Internet and logistics to holistic solutions for the supply chain management.

#### **Outlook**

CeBIT 2000 clearly signalled that the rejuvenation of the software market, expected in 2000, had already begun in the first quarter.

PSI expects that there will be an increasing demand for software solutions for corporate-wide and complete management of resources.

The liberalisation of the European markets, and the success of the Internet as the platform for business between businesses, are the driving forces of this development. As a consequence, considerable investment will be required in the optimisation of logistic chains in the future.

Along with its own growth, PSI will also enter strategic alliances, which should, in particular, serve to accelerate international growth.

With the repositioning and convincing profile as a specialist for Resource Management via Internet, the basis has been established for the sales growth of up to DM 300 million and the return to the profit zone.

**Group Balance Sheet as of 31 March 2000  
according to US-GAAP**

**Assets**

	31 March 2000	31 Dec. 1999
	DM 000	DM 000
<b>Current assets</b>		
Cash and cash equivalents	4,941	8,575
Trade receivables	87,422	78,496
Inventories	19,769	8,995
Prepaid expenses	2,137	2,672
Deferred taxes	6,984	5,716
Other receivables	5,529	4,601
<b>Total</b>	<b>126,782</b>	<b>109,055</b>
<b>Long-term assets</b>		
Receivables	0	0
Financial Assets	9,883	1,983
Property, plant and equipment	25,530	25,693
Intangible assets	61,793	61,094
Deferred tax assets (net)	25,375	25,375
<b>Total</b>	<b>122,581</b>	<b>114,145</b>
<b>Total assets</b>	<b>249,363</b>	<b>223,200</b>

**Equity and Liabilities**

<b>Current liabilities</b>		
Current financial liabilities	7,910	1,106
Trade payables	17,251	23,144
Payments received on account of orders	14,438	6,775
Deferred income	6,975	7,365
Other accruals	21,170	17,882
Deferred income tax	14,477	12,585
Other liabilities	8,042	11,141
<b>Total current liabilities</b>	<b>90,263</b>	<b>79,998</b>
<b>Long-term liabilities</b>		
Deferred tax liabilities	20,896	20,353
Long-term profit participation rights	29	32
Special item for investment grants	955	1,085
Long-term certificate of participating capital	1	1
Pension reserves	23,497	16,128
Financial liabilities	0	0
<b>Total long-term liabilities</b>	<b>45,378</b>	<b>37,572</b>
<b>Equity</b>		
Capital stock	45,656	44,921
Capital surplus	86,115	78,057
Revenue reserves	2,386	2,386
Contributions made for capital increase	0	6,000
Unrealised net profits from securities	14	5
Difference relating to currency translation	-248	-257
Net retained earnings	-28,517	-28,801
<b>Total Equity</b>	<b>105,406</b>	<b>102,311</b>
<b>Minority interests</b>	<b>8,316</b>	<b>3,319</b>
<b>Total equity and liabilities</b>	<b>249,363</b>	<b>223,200</b>

**Group Statement of Income as of 31 March 2000  
according to US-GAAP**

	31 March 2000	31 March 1999
	DM 000	DM 000
<b>Net Sales</b>		
Software production and maintenance	52,525	36,266
Licenses	5,258	4,709
Hardware	2,813	4,865
	<b>60,596</b>	<b>45,840</b>
<b>Cost of sales</b>		
Software production and maintenance	35,981	32,093
Licenses	1,667	1,613
Hardware	2,585	4,158
	<b>40,233</b>	<b>37,864</b>
<b>Gross profit on sales</b>	<b>20,363</b>	<b>7,976</b>
<b>Operating expenses</b>		
Selling expenses	9,046	8,688
General and administrative expenses	4,655	4,254
Research and development costs	4,603	3,825
Capitalised research and development costs	-192	-3,132
Depreciation of capitalised research and development costs	1,497	789
Other revenues or gains	272	-731
	<b>19,881</b>	<b>13,693</b>
<b>Operative result</b>	<b>482</b>	<b>-5,717</b>
Net interest, net investment income	135	197
Extraordinary results	0	0
<b>Result before income tax</b>	<b>617</b>	<b>-5,520</b>
Taxes on income	-1,235	-4,034
<b>Group net profit/loss</b>	<b>-618</b>	<b>-9,554</b>
<b>Result per share (in DM per share)</b>	<b>-0.17</b>	<b>-0.57</b>

**Group Cash Flow Statement as of 31 March 2000  
according to US-GAAP**

	31 March 2000	31 March 1999
	DM 000	DM 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	-618	-17,485
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Depreciation of intangible assets and of property, plant and equipment	4,101	14,177
Net transfer to / release of deferred taxes	1,089	947
Minority interests in result	-908	-56
Change in assets		
Inventories	-10,774	14,582
Long-term receivables	0	2,952
Prepaid expenses	535	-544
Other receivable	-928	-1,063
Trade receivables	-8,926	-34,630
Change in liabilities		
Trade payables	-5,893	9,756
Deferred income	-390	5,457
Net transfer to / release of pensions reserves	640	1,864
Other reserves and accrued liabilities	3,288	5,193
Other liabilities	-3,099	2,163
Advance payments	7,663	-24,641
<b>Cash flow from operating activities</b>	<b>-14,220</b>	<b>-21,328</b>
<b>INVESTING ACTIVITIES</b>		
Additions to capitalised research and development costs	-192	-18,128
Net additions to property, plant, equipment and other tangible assets	-968	-11,330
Additions to goodwills	0	-10,082
Purchase of financial assets	0	-1,128
<b>Cash flow from investing activities</b>	<b>-1,160</b>	<b>-40,668</b>
<b>FINANCING ACTIVITIES</b>		
Minority interests	4,997	2,787
Financial liabilities	6,804	675
Other changes in equity	18	106
Special item for investment grants	-103	89
Issue of profit participating rights/profit participating certificate capital	30	0
Financial assets	0	0
Issue of shares	0	0
<b>Cash flow from financing activities</b>	<b>11,746</b>	<b>3,657</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>-3,634</b>	<b>-58,339</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>8,575</b>	<b>66,914</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>4,941</b>	<b>8,575</b>

**Group Segment Reporting as of 31 March 2000  
according to US-GAAP**

	Product business		Systems business		PSI-Group	
	31 March 2000 DM million	31 March. 1999 DM million	31 March 2000 DM million	31 March. 1999 DM million	31 March 2000 DM million	31 March. 1999 DM million
<b>Net Sales</b>						
Software production and maintenance	13.7	9.1	38.8	27.2	52.5	36.3
Licenses	4.3	4.5	1.0	0.2	5.3	4.7
Hardware	0.8	0.6	2.0	4.2	2.8	4.8
	<b>18.8</b>	<b>14.2</b>	<b>41.8</b>	<b>31.6</b>	<b>60.6</b>	<b>45.8</b>
<b>Cost of sales</b>						
Software production and maintenance	10.3	11.2	25.7	20.9	36.0	32.1
Licenses	0.9	1.5	0.7	0.1	1.6	1.6
Hardware	0.7	0.6	1.9	3.5	2.6	4.1
	<b>11.9</b>	<b>13.3</b>	<b>28.3</b>	<b>24.5</b>	<b>40.2</b>	<b>37.8</b>
<b>Gross profit on sales</b>	<b>6.9</b>	<b>0.9</b>	<b>13.5</b>	<b>7.1</b>	<b>20.4</b>	<b>8.0</b>
<b>Operating expenses</b>						
Selling expenses	4.6	5.0	4.5	3.6	9.1	8.6
General and administrative expenses	1.4	2.5	3.2	1.8	4.6	4.3
Research and development costs	4.4	3.8	0.2	0	4.6	3.8
Capitalised research and development costs	-0.2	-3.1	0	0	-0.2	-3.1
Depreciation of capitalised research and development costs	1.2	0.8	0.3	0	1.5	0.8
Other revenues or gains	0	-0.2	0.3	-0.5	0.3	-0.7
	<b>11.4</b>	<b>8.8</b>	<b>8.5</b>	<b>4.9</b>	<b>19.9</b>	<b>13.7</b>
<b>Operative result</b>	<b>-4.5</b>	<b>-7.9</b>	<b>5.0</b>	<b>2.2</b>	<b>0.5</b>	<b>-5.7</b>
Net interest, net investment income	0	0	0.1	0.2	0.1	0.2
<b>Result before income tax</b>	<b>-4.5</b>	<b>-7.9</b>	<b>5.1</b>	<b>2.4</b>	<b>0.6</b>	<b>-5.5</b>
Taxes on income	0.8	-1.5	-2.0	-2.5	-1.2	-4.0
<b>Group net profit/loss</b>	<b>-3.7</b>	<b>-9.4</b>	<b>3.1</b>	<b>-0.1</b>	<b>-0.6</b>	<b>-9.5</b>



PSI Aktiengesellschaft für Produkte und Systeme der Informationstechnologie

Dircksenstraße 42-44, 10178 Berlin (Mitte)

Phone: +49/30/2801-0

Fax: +49/30/2801-1000

eMail: [ir@psi.de](mailto:ir@psi.de)