

*... tomorrow*  
*Resource Man*  
Report on the 1<sup>st</sup> six months of 2000  
*agement via In*  
*ternet...*

PSI 

The business developments during the first six months confirm expectations for the year 2000. The PSI Group has increased turnover in the first six months of 2000 by 21.4% compared with the previous year, and achieved an operating result of 2.3 million DM. The incoming orders already exceeded the 200 million DM mark at the beginning of the second six-month period, and thus were at around 90% of the value for the whole of 1999 (220 million DM).

#### PSI Group data at 30 June 2000 at a glance

	1 Jan.-30 Jun. 00 million DM	1 Jan.-30 Jun. 99 million DM	Change million DM	Change in %
Sales	130.3	107.3	+23.0	+21.4
Gross profit on sales	40.5	26.2	+14.3	+54.6
Operating expenses	38.2	31.0	+7.2	+23.2
Operative result	2.3	-4.8	+7.1	+147.9
Result before tax	2.5	-4.5	+7.0	+155.6
Employees on 30 Jun. 00	1,275	1,016	+259	+25.5

#### Business development

The PSI Group increased its turnover in the first six months of 2000 by 21.4% compared to the same period in the previous year, bringing it to 130.3 million DM.

In the products sector, turnover only rose by 3.5% to 32.9 million DM in the first six months, due to the difficult market environment.

The systems sector grew by 29% and reached a sales volume of 97.4 million DM. PSI was able to increase the operating result in the systems sector by 35.1% to 12.7 million DM.

In the products sector, the intended shift of emphasis to the more profitable services field of operations, together with improvements in cost management, led to an operating result improved by 3.8 million DM, at -10.4 million DM. Overall this results in a positive operating result for the Group of 2.3 million DM.

The volume of incoming orders was already over 200 million DM at the beginning of the second six-month period, and thus at 90% of that for the entire year 1999.

The new positioning of PSI as software provider for resources management via the

Internet is continuing to be well received by the market.

Alongside the significant improvement in results for PSIPENTA, the new PSI subsidiaries are continuing to develop positively. As well as the significant increase in incoming orders, PSI-BT AG has begun to internationalise its business in the framework of the cooperation agreement signed with Alstom at the end of May. The e-business subsidiary UBIS has developed into a very successful provider of portals and Internet marketplaces in the first six month period, and also has a leading position in the field of agent-oriented technologies.

#### **Human resources development**

The number of employees in the Group increased by 259 to 1275 in the first six-month period. In this way PSI has created the preconditions for further growth.

#### **Special events in the second quarter**

Ali Saghati replaced Kurt Schmaltz as Director for Human Resources and Technology on 1 April.

PSI acquired the gas management systems division of debis Systemhaus on 31 May.

On 14 June, PSI acquired the automotive specialist SOFTSYSTEMS GmbH and

established a centre of competence for this target market with PSIPENTA Automotive GmbH.

At the end of June, the new, Internet-capable version 5.0 of the PSIPENTA business software was launched.

#### **Outlook**

PSI is continuing to anticipate an increasing demand for software solutions for resources management for all fields of business. In the first six months of 2000, the new positioning and the focussing on attractive growth markets continued.

The energy management portfolio has been rounded off with the acquisition of the gas management division from debis Systemhaus, which also serves to strengthen our international position in this market.

PSI's participation in the definition of a network management standard for UMTS has made PSI one of the providers with the most potential for this future market.

PSI combines many years of logistics know-how with Internet expertise, creating an ideal fusion of "old economy" and "new economy".

The Board of Directors is continuing to expect that the target turnover growth to 300 million DM and the return financial surplus will be achieved over the whole year.

**Group Balance Sheet from 1 January 2000 until 30 June 2000  
according to US-GAAP**

**Assets**

	30 June 2000	31 Dec. 1999
	DM 000	DM 000
<b>Current assets</b>		
Cash and cash equivalents	24,019	8,575
Trade receivables	110,207	78,496
Inventories	14,785	8,995
Prepaid expenses	1,722	2,672
Deferred taxes	9,799	5,716
Other receivables	6,141	4,601
<b>Total</b>	<b>166,673</b>	<b>109,055</b>
<b>Long-term assets</b>		
Receivables	0	0
Financial Assets	8,438	1,983
Property, plant and equipment	25,439	25,693
Intangible assets	75,646	61,094
Deferred tax assets (net)	26,814	25,375
<b>Total</b>	<b>136,337</b>	<b>114,145</b>
<b>Total assets</b>	<b>303,010</b>	<b>223,200</b>

**Equity and Liabilities**

<b>Current liabilities</b>		
Current financial liabilities	3,714	1,106
Trade payables	16,404	23,144
Payments received on account of orders	13,465	6,775
Deferred income	6,854	7,365
Other accruals	29,490	17,882
Deferred income tax	24,082	12,585
Other liabilities	11,270	11,141
<b>Total current liabilities</b>	<b>105,279</b>	<b>79,998</b>
<b>Long-term liabilities</b>		
Deferred tax liabilities	20,745	20,353
Long-term profit participation rights	30	32
Special item for investment grants	852	1,085
Long-term certificate of participating capital	1	1
Pension reserves	24,130	16,128
Financial liabilities	0	0
<b>Total long-term liabilities</b>	<b>45,758</b>	<b>37,572</b>
<b>Equity</b>		
Capital stock	47,939	44,921
Capital surplus	108,025	78,057
Revenue reserves	2,386	2,386
Contributions made for capital increase	20,165	6,000
Unrealised net profits from securities	-16	5
Difference relating to currency translation	-211	-257
Net retained earnings	-32,600	-28,801
<b>Total Equity</b>	<b>145,688</b>	<b>102,311</b>
<b>Minority interests</b>	<b>6,285</b>	<b>3,319</b>
<b>Total equity and liabilities</b>	<b>303,010</b>	<b>223,200</b>

**Group Statement of Income from 1 January 2000 until 30 June 2000  
according to US-GAAP**

	30 June 2000 DM 000	30 June 1999 DM 000
<b>Net Sales</b>		
Software production and maintenance	113,356	85,038
Licenses	8,322	12,066
Hardware	8,611	10,204
	<b>130,289</b>	<b>107,308</b>
<b>Cost of sales</b>		
Software production and maintenance	80,847	67,126
Licenses	2,422	4,410
Hardware	6,533	9,559
	<b>89,802</b>	<b>81,095</b>
<b>Gross profit on sales</b>	<b>40,487</b>	<b>26,213</b>
<b>Operating expenses</b>		
Selling expenses	19,530	20,027
General and administrative expenses	8,884	8,404
Research and development costs	8,930	8,489
Capitalised research and development costs	-595	-6,139
Depreciation of capitalised research and development costs	3,011	1,579
Other revenues or gains	-1,580	-1,327
	<b>38,180</b>	<b>31,033</b>
<b>Operative result</b>	<b>2,307</b>	<b>-4,820</b>
Net interest, net investment income	236	321
Extraordinary results	0	0
<b>Result before income tax</b>	<b>2,543</b>	<b>-4,499</b>
Taxes on income	-6,335	-10,818
<b>Group net profit/loss</b>	<b>-3,792</b>	<b>-15,317</b>
<b>Result per share (in DM per share)</b>	<b>-0.40</b>	<b>-1.77</b>

**Group Cash Flow Statement from 1 January 2000 until 30 June 2000  
according to US-GAAP**

	30 June 2000	31 Dec. 1999
	DM 000	DM 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	-3,792	-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	8,318	14,177
Net transfer to / release of deferred taxes	6,367	947
Minority interests in result	-7	-56
Change in assets		
Inventories	-5,790	14,582
Long-term receivables	0	2,952
Prepaid expenses	950	-544
Other receivable	-1,540	-1,063
Trade receivables	-31,711	-34,630
Change in liabilities		
Trade payables	-6,740	9,756
Deferred income	-511	5,457
Net transfer to / release of pensions reserves	8,002	1,864
Other reserves and accrued liabilities	11,608	5,193
Other liabilities	129	2,163
Advance payments	6,690	-24,641
<b>Cash flow from operating activities</b>	<b>-8,027</b>	<b>-21,328</b>
<b>INVESTING ACTIVITIES</b>		
Additions to capitalised research and development costs	-595	-18,128
Net additions to property, plant, equipment and other tangible assets	-3,011	-11,330
Additions to goodwills	-19,012	-10,082
Purchase of financial assets	-6,455	-1,128
<b>Cash flow from investing activities</b>	<b>-29,073</b>	<b>-40,668</b>
<b>FINANCING ACTIVITIES</b>		
Minority interests	2,966	2,787
Financial liabilities	2,608	675
Other changes in equity	25	106
Special item for investment grants	-206	89
Issue of profit part. rights/profit part. certificate capital	0	0
Financial assets	0	0
Capital Increase	14,165	0
Issue of shares	32,986	0
<b>Cash flow from financing activities</b>	<b>52,544</b>	<b>3,657</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>15,444</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>24,019</b>	<b>8,575</b>

**Group Segment Reporting from 1 January 2000 until 30 June 2000  
according to US-GAAP**

	Product business		Systems business		PSI-Group	
	30 June 2000 DM million	30 June 1999 DM million	30 June 2000 DM million	30 June 1999 DM million	30 June 2000 DM million	30 June 1999 DM million
<b>Net Sales</b>						
Software production and maintenance	25.3	20.6	88.1	64.4	113.4	85.0
Licenses	6.4	10.2	1.9	1.9	8.3	12.1
Hardware	1.2	1.0	7.4	9.2	8.6	10.2
	<b>32.9</b>	<b>31.8</b>	<b>97.4</b>	<b>75.5</b>	<b>130.3</b>	<b>107.3</b>
<b>Cost of sales</b>						
Software production and maintenance	19.6	22.5	61.3	44.6	80.9	67.1
Licenses	1.2	2.7	1.2	1.7	2.4	4.4
Hardware	0.7	0.9	5.8	8.7	6.5	9.6
	<b>21.5</b>	<b>26.1</b>	<b>68.3</b>	<b>55.0</b>	<b>89.8</b>	<b>81.1</b>
<b>Gross profit on sales</b>	<b>11.4</b>	<b>5.7</b>	<b>29.1</b>	<b>20.5</b>	<b>40.5</b>	<b>26.2</b>
<b>Operating expenses</b>						
Selling expenses	8.8	12.8	10.7	7.2	19.5	20.0
General and administrative expenses	2.7	3.9	6.2	4.5	8.9	8.4
Research and development costs	8.5	8.5	0.4	0	8.9	8.5
Capitalised research and development costs	-0.6	-6.1	0	0	-0.6	-6.1
Depreciation of capitalised research and development costs	2.4	1.6	0.7	0	3.1	1.6
Other revenues or gains	0	-0.8	-1.6	-0.6	-1.6	-1.4
	<b>21.8</b>	<b>19.9</b>	<b>16.4</b>	<b>11.1</b>	<b>38.2</b>	<b>31.0</b>
<b>Operative result</b>	<b>-10.4</b>	<b>-14.2</b>	<b>12.7</b>	<b>9.4</b>	<b>2.3</b>	<b>-4.8</b>
Net interest, net investment income	-0.1	-0.1	0.3	0.4	0.2	0.3
<b>Result before income tax</b>	<b>-10.5</b>	<b>-14.3</b>	<b>13.0</b>	<b>9.8</b>	<b>2.5</b>	<b>-4.5</b>
Taxes on income	1.0	-3.7	-7.3	-7.1	-6.3	-10.8
<b>Group net profit/loss</b>	<b>-9.5</b>	<b>-18.0</b>	<b>5.7</b>	<b>2.7</b>	<b>-3.8</b>	<b>-15.3</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)