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*Resource Man*  
Report on the 3<sup>rd</sup> Quarter of 2000  
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PSI 

The positive trend in the first six months of the year continued in the 3<sup>rd</sup> quarter. The PSI Group increased its revenues in the first nine months of 2000 by 17.5% to DM 196.6 million compared to the previous year and attained an operating profit of DM 4.4 million. The new orders as per 30 September 2000 were at DM 280 million, already DM 60 million above the level for the entire previous year (DM 220 million).

#### PSI Group Data at a Glance, 30 September 2000

	1 Jan.-30 Sep. 00 million DM	1 Jan.-30 Sep. 99 million DM	Change million DM	Change in %
Sales	196.6	167.3	+29.3	+17.5
Gross profit on sales	61.5	39.6	+21.9	+55.3
Operating expenses	57.1	53.6	+3.5	+6.5
Operative result	4.4	-14.0	+18.4	+131.4
Result before tax	4.6	-13.6	+18.2	+133.8
Employees on 30 Sep. 00	1,284	1,038	+246	+23.7

#### Business Development

The PSI Group increased its revenues by 17.5% to DM 196.6 million compared to the same period in the previous year. In the high-margin core business of software production and maintenance the sales even increased by 32.4%, while the portion of hardware which resulted from individual projects in the previous year decreased.

Sales in the Product Business, still a rather difficult market, increased only by 6.1% to DM 51.9 million. The Systems Business grew by 22.2% and attained sales of DM 144.7 million.

The improved cost management and the use of synergy effects in the Group improved the operating result in the Product Business by DM 11 million to DM -14.7 million.

The operating profit in the Systems Business could be increased by 63.2% to DM 19.1 million.

The total operating profit for the Group is therefore DM 4.4 million.

Liquidity increased compared to 30 June by 30% to DM 31.1 million. The cash flow from the operative business improved by DM 22 million to DM 678,000 compared to the previous year.

New orders as per 30 September 2000 were DM 280 million and therefore 127.3% of the whole year of 1999. The driving force for the positive development in the Systems Business was again energy management and eBusiness. Amongst the highlights of the third quarter were a new major contract from Ruhrgas AG, the agreement for a worldwide cooperation with INTERSHOP and the conversion of the eBusiness subsidiary UBIS into a public stock corporation.

The gas management group of debis Systemhaus acquired in the second quarter of 2000 has been successfully integrated into PSI AG. The integration of the logistics units is going according to plan and has already demonstrated initial positive effects.

#### **Human Resources Development**

The number of employees compared to 30 September 1999 increased by 246 to 1,284. By founding an employee shareholder's pool, which holds 10% of the capital, employees and management have demonstrated an even closer bond to PSI.

#### **Special Events in the Third Quarter**

On 31 July 2000 the lock-up period for the former named PSI shares was ended.

Because the expected sales pressure from the market participants did not occur, the price of PSI shares developed better than the Neue Markt did in the third quarter.

#### **Outlook**

PSI expects a positive development in PSI's target markets energy management, logistics and in information management/eBusiness. The repositioning and focusing on attractive growth markets initiated in the first half of 2000 was therefore continued in the third quarter. The Management Board plans to take even greater advantage of the potential synergy in the Group and to support this by means of organizational changes.

We expect a continuation of the positive trend for the fourth quarter.

The high level of new orders in the current financial year, the repositioning of PSI initiated in this year and the organizational bundling of competences will provide for positive stimuli for the development of PSI in 2001. It is therefore expected that for the financial year 2001 there will be an increase in revenues of over 30% and an even higher improvement in the profitability.

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

**Assets**

	30 Sep. 2000	31 Dec. 1999
	DM 000	DM 000
<b>Current assets</b>		
Cash and cash equivalents	31,114	8,575
Trade receivables	107,890	78,496
Inventories	13,451	8,995
Prepaid expenses	2,273	2,672
Deferred taxes	4,886	5,716
Other receivables	6,776	4,601
<b>Total</b>	<b>166,390</b>	<b>109,055</b>
<b>Long-term assets</b>		
Receivables	0	0
Financial Assets	8,438	1,983
Property, plant and equipment	25,139	25,693
Intangible assets	73,365	61,094
Deferred tax assets (net)	25,375	25,375
<b>Total</b>	<b>132,317</b>	<b>114,145</b>
<b>Total assets</b>	<b>298,707</b>	<b>223,200</b>

**Equity and Liabilities**

<b>Current liabilities</b>		
Current financial liabilities	4,508	1,106
Trade payables	13,447	23,144
Payments received on account of orders	21,411	6,775
Deferred income	4,371	7,365
Other accruals	24,672	17,882
Deferred income tax	25,416	12,585
Other liabilities	12,411	11,141
<b>Total current liabilities</b>	<b>106,236</b>	<b>79,998</b>
<b>Long-term liabilities</b>		
Deferred tax liabilities	18,499	20,353
Long-term profit participation rights	30	32
Special item for investment grants	749	1,085
Long-term certificate of participating capital	1	1
Pension reserves	24,756	16,128
Financial liabilities	0	0
<b>Total long-term liabilities</b>	<b>44,035</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	-178	-257
Net retained earnings	-36,409	-28,801
<b>Total Equity</b>	<b>141,912</b>	<b>102,311</b>
<b>Minority interests</b>	<b>6,524</b>	<b>3,319</b>
<b>Total equity and liabilities</b>	<b>298,707</b>	<b>223,200</b>

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

	30 Sep. 2000 DM 000	30 Sep. 1999 DM 000
<b>Net Sales</b>		
Software production and maintenance	170,596	128,825
Licenses	13,685	17,836
Hardware	12,315	20,631
	<b>196,596</b>	<b>167,292</b>
<b>Cost of sales</b>		
Software production and maintenance	122,491	103,916
Licenses	3,423	5,706
Hardware	9,169	18,093
	<b>135,083</b>	<b>127,715</b>
<b>Gross profit on sales</b>	<b>61,513</b>	<b>39,577</b>
<b>Operating expenses</b>		
Selling expenses	29,591	31,202
General and administrative expenses	12,548	13,743
Research and development costs	13,655	11,676
Capitalised research and development costs	-827	-9,171
Depreciation of capitalised research and development costs	4,534	2,368
Other revenues or gains	-2,402	3,748
	<b>57,099</b>	<b>53,566</b>
<b>Operative result</b>	<b>4,414</b>	<b>-13,989</b>
Net interest, net investment income	200	402
Extraordinary results	0	0
<b>Result before income tax</b>	<b>4,614</b>	<b>-13,587</b>
Taxes on income	-12,234	-10,777
<b>Group net profit/loss</b>	<b>-7,620</b>	<b>-24,364</b>
<b>Result per share (in DM per share)</b>	<b>-0.82</b>	<b>-2.74</b>

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

	30 Sep. 2000	31 Dec. 1999
	DM 000	DM 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	-7,620	-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	13,540	14,177
Net transfer to / release of deferred taxes	11,766	947
Minority interests in result	12	-56
Change in assets		
Inventories	-4,456	14,582
Long-term receivables	0	2,952
Prepaid expenses	399	-544
Other receivable	-2,174	-1,063
Trade receivables	-29,394	-34,630
Change in liabilities		
Trade payables	-9,698	9,756
Deferred income	-2,994	5,457
Net transfer to / release of pensions reserves	8,628	1,864
Other reserves and accrued liabilities	6,790	5,193
Other liabilities	1,243	2,163
Advance payments	14,636	-24,641
<b>Cash flow from operating activities</b>	<b>678</b>	<b>-21,328</b>
<b>INVESTING ACTIVITIES</b>		
Additions to capitalised research and development costs	-827	-18,128
Net additions to property, plant, equipment and other tangible assets	-4,795	-11,330
Additions to goodwills	-19,594	-10,082
Purchase of financial assets	-6,455	-1,128
<b>Cash flow from investing activities</b>	<b>-31,671</b>	<b>-40,668</b>
<b>FINANCING ACTIVITIES</b>		
Minority interests	3,205	2,787
Financial liabilities	3,427	675
Other changes in equity	58	106
Special item for investment grants	-309	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>53,532</b>	<b>3,657</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>22,539</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>31,114</b>	<b>8,575</b>

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

	Product Business		Systems Business		PSI-Group	
	30 Sep. 2000 DM million	30 Sep. 1999 DM million	30 Sep. 2000 DM million	30 Sep. 1999 DM million	30 Sep. 2000 DM million	30 Sep. 1999 DM million
<b>Net Sales</b>						
Software production and maintenance	39.7	31.9	130.9	96.9	170.6	128.8
Licenses	10.7	15.3	3.0	2.5	13.7	17.8
Hardware	1.5	1.7	10.8	19.0	12.3	20.7
	<b>51.9</b>	<b>48.9</b>	<b>144.7</b>	<b>118.4</b>	<b>196.6</b>	<b>167.3</b>
<b>Cost of sales</b>						
Software production and maintenance	31.1	35.0	91.4	68.9	122.5	103.9
Licenses	1.8	3.7	1.6	2.0	3.4	5.7
Hardware	1.1	1.1	8.1	17.0	9.2	18.1
	<b>34.0</b>	<b>39.8</b>	<b>101.1</b>	<b>87.9</b>	<b>135.1</b>	<b>127.7</b>
<b>Gross profit on sales</b>	<b>17.9</b>	<b>9.1</b>	<b>43.6</b>	<b>30.5</b>	<b>61.5</b>	<b>39.6</b>
<b>Operating expenses</b>						
Selling expenses	13.4	19.7	16.2	11.5	29.6	31.2
General and administrative expenses	4.0	6.8	8.5	6.9	12.5	13.7
Research and development costs	13.2	11.7	0.5	0	13.7	11.7
Capitalised research and development costs	-0.8	-9.2	0	0	-0.8	-9.2
Depreciation of capitalised research and development costs	3.5	2.4	1.0	0	4.5	2.4
Other revenues or gains	-0.1	3.4	-2.3	0.4	-2.4	3.8
	<b>33.2</b>	<b>34.8</b>	<b>23.9</b>	<b>18.8</b>	<b>57.1</b>	<b>53.6</b>
<b>Operative result</b>	<b>-15.3</b>	<b>-25.7</b>	<b>19.7</b>	<b>11.7</b>	<b>4.4</b>	<b>-14.0</b>
Net interest, net investment income	-0.2	0.2	0.4	0.2	0.2	0.4
<b>Result before income tax</b>	<b>-15.5</b>	<b>-25.5</b>	<b>20.1</b>	<b>11.9</b>	<b>4.6</b>	<b>-13.6</b>
Taxes on income	1.3	-4.9	-13.5	-5.9	-12.2	-10.8
<b>Group net profit/loss</b>	<b>-14.2</b>	<b>-30.4</b>	<b>6.6</b>	<b>6.0</b>	<b>-7.6</b>	<b>-24.4</b>



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