



Small Planet

Report on the 3rd Quarter of 2011

PSI 

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

	01/01-30/09/11 in KEUR	01/01-30/09/10 in KEUR	Change in KEUR	Change in %
Revenues	117,296	113,501	+3,795	+3.3
Operating Result	6,288	5,433	+855	+15.7
Result before income taxes	5,055	4,146	+909	+21.9
Net result	3,359	3,564	-205	-5.7
Cash and cash equivalents	29,589	18,930	+10,659	+56,3
Employees on 30 September	1,466	1,407	+59	+4.2
Revenue/Employee	80.0	80.7	-2.1	-3.8

Interim Management Report

Business Development

Earnings

PSI Group increased its EBIT in the first nine months of 2011 by 16 % to 6.3 million Euros (30 September 2010: 5.4 million Euros). The EBT increased by 22 % to 5.1 million Euros compared to the previous year (30 September 2010: 4.1 million Euros), the Group earnings were, as a result of temporary effects from deferred taxes, at 3.4 million Euros slightly below the previous year (30 September 2010: 3.6 million Euros). Group sales increased by 3 % to 117.3 million Euros compared to the previous year (30 September 2010: 113.5 million Euros). The volume of new orders increased by 13 % to 138 million Euros (30 September 2010: 122 million Euros), the order backlog in the Group increased to 124 million Euros (30 September 2010: 122 million Euros). The Group's new orders and sales last year each contained 4.5 million Euros from the telecommunications business, which in the meantime has been sold.

Energy Management (electricity, gas, oil, heat) attained 4 % higher sales of 47.0 million Euros in the first nine months (30 September 2010: 45.1 million Euros). The EBIT decreased as a result of the continued high project expenses in exports and investments in systems for electrical distribution grids to 3.1 million Euros (30 September 2010: 4.7 million Euros). In the field of electrical distribution many grid operators are in the midst of a planning phase as a result of regulatory changes so that increasing investments are expected in the course of 2012.

Sales in Production Management (raw materials, industry, logistics) increased by 15 % to 56.1 million Euros in the first nine months (30 September 2010: 48.7 million Euros). The EBIT increased significantly to 3.6 million Euros (30 September 2010: 0.2 million Euros). The improvement in the EBIT was primarily due to the sequence optimisation and logistics businesses. With a first order, the area of raw materials excavation managed to gain entry to the Asian market.

In Infrastructure Management (transportation and security), sales decreased by 28 % to 14.2 million Euros (30 September 2010: 19.7 million Euros) as a result of the sale of the telecommunications business at the end of last year. The EBIT for the segment decreased by 23 % to 1.0 million Euros (30 September 2010: 1.3 million Euros). In this segment PSI expects sales and profit increases in the fourth quarter as a result of the high order backlog in Southeast Asia.

Financial Position

The cash flow from operating activities improved by 35 % to 6.6 million Euros (30 September 2010: 4.9 million Euros), so that liquid funds rose to 29.6 million Euros (30 September 2010: 18.9 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 September 2011 to 1,466 (30 September 2010: 1,407).

PSI-Shares

The PSI stock ended the 3rd Quarter of 2011 with a final price of 18.29 Euros, 2.5 % above the final 2010 price of 17.85 Euros. In the same period the TecDAX index, where PSI belongs to since 19 September, declined by 22.1 %.

Risk Report

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

Outlook

PSI pushed the divisionalisation and improvement of the product character in the Electrical Energy business in the third quarter. With the new product version, whose completion is planned for the end of the year, the associated upgrade and update process will be improved and the maintenance ratio increased. Consequently, PSI will be able to profit from the increased investment needs for smart grid control as a result of the energy shift in Germany starting in 2012.

The current insecurity in the field of electrical networks in Germany and the market entry costs in Asia have caused the PSI management to reduce the expectations for the EBIT to a range of 10 to 11 million Euros. The management continues to assume that the goals of 185 million Euros for new orders and 170 million Euros for Group sales will be achieved. For 2012, PSI expects further growth and a significant improvement of the margin.

Group Balance Sheet

from 1 January 2011 until 30 September 2011 according to IFRS

Assets	9 Month Report 01/01-30/09/11 KEUR	Annual Report 01/01-31/12/10 KEUR
Non current assets		
Property, plant and equipment	14,277	13,710
Intangible assets	46,347	46,591
Other financial assets	223	401
Deferred tax assets	4,285	4,310
	65,132	65,012
Current assets		
Inventories	4,830	3,402
Trade accounts receivable, net	27,964	27,938
Receivables from long-term development contracts	39,271	37,242
Other current assets	4,400	6,682
Cash and cash equivalents	29,589	28,882
	106,054	104,146
Total assets	171,186	169,158
Total Equity and Liabilities		
Equity		
Subscribed capital	40,185	40,185
Capital reserves	35,137	35,137
Reserve for treasury stock	-504	0
Other reserves	-4,160	-3,526
Accumulated losses	-3,957	-3,706
	66,701	68,090
Non-current liabilities		
Long-term debt	5,312	5,674
Pension provisions	33,988	33,610
Deferred tax liabilities	3,037	1,670
	42,337	40,954
Current liabilities		
Trade payables	14,360	15,410
Other current liabilities	24,812	25,773
Liabilities from long-term development contracts	20,448	16,154
Short-term debt	2,241	2,485
Provisions	287	292
	62,148	60,114
Total equity and liabilities	171,186	169,158

Group Income Statement

from 1 January 2011 until 30 September 2011 according to IFRS

	Quarterly Report III		9-Month Report	
	01/07/11- 30/09/11 KEUR	01/07/10- 30/09/10 KEUR	01/01/11- 30/09/11 KEUR	01/01/10- 30/09/10 KEUR
Sales Revenues	41,075	36,438	117,296	113,501
Other operating income	322	1,015	3,924	3,301
Changes in inventories of work in progress	-15	-12	-32	-3
Cost of materials	-6,448	-4,757	-18,412	-16,789
Personnel expenses	-22,694	-22,512	-69,926	-69,264
Depreciation and amortization	-997	-997	-2,873	-3,070
Other operating expenses	-8,794	-7,423	-23,689	-22,243
Operating result	2,449	1,752	6,288	5,433
Interest income	59	28	146	81
Interest expenses	-452	-471	-1,379	-1,391
Result from equity investments	0	-1	0	23
Result before income taxes	2,056	1,308	5,055	4,146
Income tax	-605	77	-1,696	-582
Net result	1,451	1,385	3,359	3,564
Earnings per share (in Euro per share, basic)	0.09	0.09	0.21	0.23
Earnings per share (in Euro per share, diluted)	0.09	0.09	0.21	0.23
Weighted average shares outstanding (basic)	15,676,316	15,697,366	15,689,553	15,697,366
Weighted average shares outstanding (diluted)	15,676,316	15,697,366	15,689,553	15,697,366

Group comprehensive Income Statement

from 1 January 2011 until 30 September 2011 according to IFRS

	01/07/11- 30/09/11 KEUR	01/07/10- 30/09/10 KEUR	01/01/11- 30/09/11 KEUR	01/01/10- 30/09/10 KEUR
Net result	1,451	1,385	3,359	3,564
Currency translation foreign operations	-170	-2	-641	1,067
Net losses from cash flows hedges	309	0	5	0
Income tax effects	-92	0	2	0
Group comprehensive result	1,498	1,383	2,725	4,631

Group Cash Flow Statement

from 1 January 2011 until 30 September 2011 according to IFRS

	9 Month Report 01/01-30/09/11 KEUR	9 Month Report 01/01-30/09/10 KEUR
CASHFLOW FROM OPERATING ACTIVITIES		
Result before income taxes	5,055	4,146
Adjustments for non-cash expenses		
Amortization on intangible assets	1,180	1,619
Depreciation of property, plant and equipment	1,693	1,451
Interest income	-146	-81
Interest expenses	1,379	1,391
Other income/expense without cash effect	-330	1,044
	8,831	9,570
Changes of working capital		
Inventories	-1,428	-740
Trade receivables	-2,055	4,058
Other current assets	442	-1,740
Provisions	-802	-894
Trade payables	-1,050	-2,014
Other current liabilities	3,261	-2,946
	-1,632	-4,276
Interest paid	-194	-133
Income taxes paid	-445	-288
Cash flow from operating activities	6,560	4,873
CASHFLOW FROM INVESTING ACTIVITIES		
Additions to intangible assets	-415	-288
Additions to property, plant and equipment	-2,209	-3,923
Additions to associated companies	-23	0
Additions to investments in subsidiaries	-170	-153
Payments received from associated companies	201	0
Disposals of subsidiaries	1,973	0
Interest received	146	81
Cash flow from investing activities	-497	-4,283
CASHFLOW FROM FINANCING ACTIVITIES		
Dividends paid	-3,610	-3,202
Proceeds/repayments from/of borrowings	-601	777
Outflows for share buybacks	-504	0
Cash flow from financing activities	-4,715	-2,425
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Changes in cash and cash equivalents	1,348	-1,835
Valuation-related changes in cash and cash equivalents	-641	0
Cash and cash equivalents at beginning of the period	28,882	20,765
Cash and cash equivalents at the end of the period	29,589	18,930

Statement of Changes in Equity

from 1 January 2011 until 30 September 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					-634	3,359	2,725
Share buybacks	-30,000			-504			-504
Dividends paid						-3,610	-3,610
As of 30 September 2011	15,667,366	40,185	35,137	-504	-4,160	-3,957	66,701

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

	Shares	Options
Management Board		
Dr. Harald Schrimpf	62,000	0
Armin Stein	23,300	0
Supervisory Board		
Dr. Ralf Becherer	1,268	0
Wilfried Götze	54,683	0
Bernd Haus	1,000	0
Barbara Simon	7,890	0
Karsten Trippel	106,450	0
Prof. Dr. Rolf Windmüller	6,305	0

The Management Board of PSI had earnings of KEUR 1,214 in the first nine months of 2011, which consist of a fixed component of KEUR 334 and variable component of KEUR 880.

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

Notes on the consolidated financial statements as of 30 September 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 September 2011 were released for publication by a decision of the management on 25 October 2011.

The condensed interim consolidated financial statements for the period from 1 January 2011 to 30 September 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 September 2011 KEUR	31 December 2010 KEUR
Bank balances	12,377	11,082
Fixed term deposits	17,177	17,776
Cash	35	24
	29,589	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 September 2011	31 December 2010
	KEUR	KEUR
Costs incurred on uncompleted contracts	86,669	82,269
Profit shares	24,303	18,015
Contract revenue	110,972	100,284
Payments on account	-92,149	-79,196
Set off against contract revenue	-71,701	-63,042
Receivables from long-term construction contracts	39,271	37,242
Liabilities from long-term construction contracts	20,448	16,154

Taxes on income

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

	30 September 2011	31 December 2010
	KEUR	KEUR
Effective taxes expenses		
Effective tax expenses	-302	-1,452
Deferred taxes		
Emergence and reversal of temporary differences	-1,394	621
Tax expenses/income	-1,696	-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 September 2011 according to IFRS

	Energy Management		Production Management		Infrastructure Management		Reconciliation		PSI Group	
	30/09/2011 KEUR	30/09/2010 KEUR	30/09/2011 KEUR	30/09/2010 KEUR	30/09/2011 KEUR	30/09/2010 KEUR	30/09/2011 KEUR	30/09/2010 KEUR	30/09/2011 KEUR	30/09/2010 KEUR
Sales revenues										
Sales to external customers	47,003	45,114	56,074	48,732	14,219	19,655	0	0	117,296	113,501
Inter-segment sales	793	2,151	1,156	1,997	2,937	1,357	-4,886	-5,505	0	0
Segment revenues	47,796	47,265	57,230	50,729	17,156	21,012	-4,886	-5,505	117,296	113,501
Other operating income	4,088	4,121	4,129	3,031	1,675	1,074	-5,918	-4,925	3,924	3,301
Changes in inventories of work in progress	0	0	-35	-5	3	2	0	0	-32	-3
Cost of purchased services	-2,927	-2,636	-5,931	-4,818	-2,278	-4,073	2,507	3,023	-8,629	-8,504
Cost of purchased materials	-4,275	-5,386	-2,154	-1,565	-4,133	-3,401	779	2,067	-9,783	-8,285
Personnel expenses	-29,862	-29,018	-32,953	-31,328	-6,882	-8,729	-229	-189	-69,926	-69,264
Depreciation and amortization	-937	-770	-682	-636	-435	-425	-44	-46	-2,098	-1,877
Other operating expenses	-10,669	-8,924	-15,388	-14,546	-4,101	-3,789	6,469	5,016	-23,689	-22,243
Operating result before interest, tax, depreciation and amortisation	4,101	5,422	4,898	1,498	1,440	2,096	-1,278	-513	9,161	8,503
Operating result before depreciation and amortisation resulting from purchase price allocation	3,164	4,652	4,216	862	1,005	1,671	-1,322	-559	7,063	6,626
Depreciation and amortisation resulting from purchase price allocation	-98	-97	-639	-704	-38	-392	0	0	-775	-1,193
Operating result	3,066	4,555	3,577	158	967	1,279	-1,322	-559	6,288	5,433
Interest income	-516	-502	-555	-550	-162	-235	0	0	-1,233	-1,287
Result before income taxes	2,550	4,053	3,022	-392	805	1,044	-1,322	-559	5,055	4,146
Interest in associates carried at equity	208	383	0	0	15	0	0	0	223	383
Segment assets	50,694	45,071	69,422	59,549	40,921	40,900	5,864	3,853	166,901	149,373
Segment liabilities	25,861	22,249	49,513	39,362	14,062	13,434	11,298	6,782	100,734	81,827
Segment investments	748	367	1,338	551	348	323	763	2,970	3,197	4,211

Financial Calendar

23 November 2011	Analyst Presentation, German Equity Forum
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

Your Investor Relations contact person:

Karsten Pierschke

Telephone: +49 30 2801-2727

Fax: +49 30 2801-1000

E-Mail: kpierschke@psi.de

We will be happy to include you in our distribution list for stockholder information.

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PSI Aktiengesellschaft für
Produkte und Systeme der
Informationstechnologie

Dircksenstraße 42-44
10178 Berlin
Germany
Telephone: +49 30 2801-0
Fax: +49 30 2801-1000
ir@psi.de
www.psi.de

PSI 