

ENERGY EFFICIENCY



WORK EFFICIENCY



MATERIAL EFFICIENCY



Report on the 3rd Quarter of 2013

PSI 

PSI Group Data as per 30 September 2013 at a Glance (IFRS)

	01/01-30/09/13 in KEUR	01/01-30/09/12 in KEUR	Change in KEUR	Change in %
Revenues	129,092	126,733	+2,359	+1.9
Operating Result	777	7,525	-6,748	-89.7
Result before income taxes	-57	6,371	-6,428	-100.9
Net result	-2,765	5,536	-8,301	-149.9
Cash and cash equivalents	21,539	24,201	-2,662	-11.0
Employees on 30 September	1,701	1,577	+124	+7.9
Revenue/Employee	75.9	80.4	-4.5	-5.6

Interim Management Report

Business Development

Earnings

PSI Group improved its sales in the first nine months of 2013 by 2 % to 129.1 million Euros (30 Sept. 2012: 126.7 million Euros). The EBIT decreased, as previously announced in September, to 0.8 million Euros (30 Sept. 2012: 7.5 million Euros) as a result of one-off expenditures. The group net result dropped significantly to -2.8 million Euros (30 Sept. 2012: 5.5 million Euros). Along with the operative one-off encumbrances, this also includes high deferred taxes and a one-off tax expenditure of 0.6 million Euros resulting from probable dissipation of losses carried forward from the short-term shareholding of above 25 % in PSI AG by an investor in 2009. The volume of new orders, at 143 million Euros, was approximately equivalent to the level of the previous year (30 Sept. 2012: 145 million Euros), the order book volume on 30 September decreased to 124 million Euros (30 Sept. 2012: 132 million Euros).

Energy Management (gas, oil, electricity, heat, energy trading) attained 3 % lower sales of 43.1 million Euros in the first nine months (30 Sept. 2012: 44.5 million Euros). The segment's EBIT was, at -1 million Euros, significantly below the result for the previous year (30 Sept. 2012: 2.1 million Euros). The gas and oil business confirmed the good results of the previous quarters; the energy trading systems business was able to continue to improve its result. The electrical energy business continues to suffer under the investment backlog in energy grids and was also encumbered by a value adjustment of 0.8 million Euros from a latent risk from 2009 and increased one-off expenditures for the development of an energy management system for rail electricity.

Sales in Production Management (raw materials, industry, logistics) were, at 63.3 million Euros in the first nine months, slightly below those of the previous year (30 Sept. 2012: 64.2 million Euros). The EBIT decreased to 0.3 million Euros (30 Sept. 2012: 4.5 million Euros) as a result of the development of a transportation management system for logistics service providers. The good development continued especially in the metals industry business, while PSI Logistics encumbered the segment with higher development costs. In the metals industry, PSI profited from the strong market position and the reduced energy costs from shale gas that have resulted in significant investments in the steel and aluminium industry in the USA.

Infrastructure Management (transportation and security) increased sales by 26 % to 22.7 million Euros (30 Sept. 2012: 18 million Euros). The EBIT for the segment increased by

22 % to 2.4 million Euros (30 Sept. 2012: 2 million Euros). Activities in Southeast Asia and Poland again served as the drivers of both sales and profits.

Financial Position

Cash flow from operating activities improved by 36 % to –2.8 million Euros (30 September 2012: –4.4 million Euros). Liquidity decreased as a result of, amongst other things, the repayment of a short-term loan and by the 0.8 million Euros higher dividend to 21.5 million Euros (30 September 2012: 24.2 million Euros).

Assets

Compared to 31 December 2012, there have not been any material changes in the Group's assets.

Personnel Development

The number of employees in the Group increased as of 30 September 2013 to 1,701 (30 September 2012: 1,577) as a result of the expansion of capacity in the export markets.

PSI-Shares

The PSI stock ended the first nine months of 2013 with a final price of 12.03 Euros, 22 % below the final 2012 price of 15.41 Euros. In the same period the TecDAX rose by 31 %.

Risk Report

The estimate of the corporate risk has not changed since the Annual Report for 31 December 2012.

Outlook

In the third quarter PSI invested significantly in an energy management system for rail electricity and a transportation management system for logistics providers. The pilot orders have required a faster investment tempo than originally planned. In particular a business process management (BPM) is being developed that should be integrated throughout the Group in PSI software so as to significantly reduce the costs in the adaption of the business processes in standard software to the customers' needs. The Management Board projects a positive result of 4.5 million Euros for the fourth quarter of 2013 so that an EBIT of only 5.2 million Euros is expected for the entire year.

Group Balance Sheet

from 1 January 2013 until 30 September 2013 according to IFRS

Assets	9 Month Report 01/01-30/09/13 KEUR	Annual Report 01/01-31/12/12 KEUR
Non current assets		
Property, plant and equipment	14,086	14,242
Intangible assets	48,779	47,487
Investments in associates	273	427
Deferred tax assets	5,966	5,984
	69,104	68,140
Current assets		
Inventories	4,169	4,020
Trade accounts receivable, net	32,182	34,068
Receivables from long-term development contracts	45,573	42,241
Other current assets	5,684	4,634
Cash and cash equivalents	21,539	33,338
	109,147	118,301
Total assets	178,251	186,441
Total Equity and Liabilities		
Equity		
Subscribed capital	40,185	40,185
Capital reserves	35,137	35,137
Reserve for own stock	-156	-106
Other reserves	-7,462	-7,146
Net retained profits	-1,900	5,567
	65,804	73,637
Non-current liabilities		
Long-term financial liabilities	3,663	3,900
Pension provisions	39,118	38,997
Deferred tax liabilities	2,849	2,105
	45,630	45,002
Current liabilities		
Trade payables	14,863	15,646
Other current liabilities	27,459	27,976
Liabilities from long-term development contracts	20,653	18,553
Short-term financial liabilities	3,805	5,449
Provisions	37	178
	66,817	67,802
Total equity and liabilities	178,251	186,441

Group Income Statement

from 1 January 2013 until 30 September 2013 according to IFRS

	Quarterly Report III		9-Month Report	
	01/07/13- 30/09/13 KEUR	01/07/12- 30/09/12 KEUR	01/01/13- 30/09/13 KEUR	01/01/12- 30/09/12 KEUR
Sales Revenues	41,417	41,081	129,092	126,733
Other operating income	630	1,383	5,594	5,865
Changes in inventories of work in progress	0	-15	0	-5
Cost of materials	-7,766	-8,104	-25,489	-23,195
Personnel expenses	-25,719	-23,475	-77,984	-73,603
Depreciation and amortisation	-936	-1,023	-2,798	-2,979
Other operating expenses	-10,383	-7,431	-27,638	-25,291
Operating result	-2,757	2,416	777	7,525
Interest income	85	34	104	208
Interest expenses	-413	-474	-1,296	-1,415
Result from equity investments	-97	0	358	53
Result before income taxes	-3,182	1,976	-57	6,371
Income tax	-1,268	-561	-2,708	-835
Net result	-4,450	1,415	-2,765	5,536
Earnings per share (in Euro per share, basic)	-0.28	0.09	-0.18	0.35
Earnings per share (in Euro per share, diluted)	-0.28	0.09	-0.18	0.35
Weighted average shares outstanding (basic)	15,682,281	15,676,698	15,682,260	15,676,698
Weighted average shares outstanding (diluted)	15,682,281	15,676,698	15,682,260	15,676,698

Group comprehensive Income Statement

from 1 January 2013 until 30 September 2013 according to IFRS

	01/07/13- 30/09/13 KEUR	01/07/12- 30/09/12 KEUR	01/01/13- 30/09/13 KEUR	01/01/12- 30/09/12 KEUR
Net result	-4,450	1,415	-2,765	5,536
Currency translation foreign operations	-751	-258	-658	59
Net losses from cash flows hedges	-62	94	487	24
Income tax effects	19	-28	-145	-7
Group comprehensive result	-5,244	1,223	-3,081	5,612

Group Cash Flow Statement

from 1 January 2013 until 30 September 2013 according to IFRS

	9 Month Report 01/01-30/09/13 KEUR	9 Month Report 01/01-30/09/12 KEUR
CASHFLOW FROM OPERATING ACTIVITIES		
Result before income taxes	-57	6,371
Adjustments for non-cash expenses		
Amortisation on intangible assets	640	784
Depreciation of property, plant and equipment	2,158	2,195
Earnings from investments in associated companies	-358	-53
Interest income	-104	-208
Interest expenses	1,296	1,415
Other income/expenses without cash effect	270	0
	3,845	10,504
Changes of working capital		
Inventories	-162	-796
Trade receivables	-1,696	-7,585
Other current assets	-1,746	-1,601
Provisions	-1,981	-769
Trade payables	-1,171	-2,234
Other current liabilities	1,428	-880
	-5,329	-13,865
Interest paid	-225	-174
Income taxes paid	-1,128	-875
Cash flow from operating activities	-2,837	-4,410
CASHFLOW FROM INVESTING ACTIVITIES		
Additions to intangible assets	-1,592	-970
Additions to property, plant and equipment	-2,002	-1,960
Additions to investments in subsidiaries minus cash acquired	0	-556
Cash inflow from disposals of associated companies	512	0
Cash inflow from disposals of subsidiaries	479	746
Interest received	104	261
Cash flow from investing activities	-2,499	-2,479
CASHFLOW FROM FINANCING ACTIVITIES		
Dividends paid	-4,702	-3,919
Proceeds/repayments from/of borrowings	-1,394	1,104
Outflows for share buybacks	-320	0
Cash flow from financing activities	-6,416	-2,815
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Changes in cash and cash equivalents	-11,752	-9,704
Valuation-related changes in cash and cash equivalents	-47	59
Cash and cash equivalents at beginning of the period	33,338	33,846
Cash and cash equivalents at the end of the period	21,539	24,201

Statement of Changes in Equity

from 1 January 2013 until 30 September 2013 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 2011	15,676,698	40,185	35,137	-368	-2,172	128	72,910
Group comprehensive result after tax					-4,974	9,358	4,384
Issue of own shares	-17,330			262			262
Dividend distributions						-3,919	-3,919
As of 31 December 2012	15,694,028	40,185	35,137	-106	-7,146	5,567	73,637
Group comprehensive result after tax					-316	-2,765	-3,081
Share buybacks	-20,662			-320			-320
Issue of own shares	19,527			270			270
Dividend distributions						-4,702	-4,702
As of 30 September 2013	15,692,893	40,185	35,137	-156	-7,462	-1,900	65,804

Shares and Options held by Management Board and Supervisory Board as of 30 September 2013

	Shares	Options
Management Board		
Harald Fuchs	423	0
Dr. Harald Schrimpf	63,000	0
Supervisory Board		
Dr. Ralf Becherer	1,281	0
Wilfried Götze	54,683	0
Elena Günzler	1,013	0
Bernd Haus	1,000	0
Karsten Trippel	110,322	0
Prof. Dr. Rolf Windmüller	6,305	0

Remuneration for the Management Board and Supervisory Board

	Fixed remuneration KEUR	Variable remuneration KEUR	Total remuneration KEUR
Harald Fuchs (from 01/07/2013)	70	0	70
Armin Stein (until 30/06/2013)	116	204	320
Dr. Harald Schrimpf	206	333	539
Management Board – total	392	537	929

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 2013.

Notes on the consolidated financial statements as of 30 September 2013

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 2013 to 30 September 2013 were released for publication by a decision of the management on 25 October 2013.

The condensed interim consolidated financial statements for the period from 1 January 2013 to 30 September 2013 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 2012.

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 2012.

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 18 March 2013, the new subsidiary PSI Metals Brazil, Ltda. was founded. The new company will focus on marketing PSI solutions in the Latin American steel industry and providing local support to existing customers.

5. Selected Individual Items

Cash and cash equivalents

	30 September 2013	31 December 2012
	KEUR	KEUR
Bank balances	15,691	26,631
Fixed term deposits	5,812	6,668
Cash	36	39
	21,539	33,338

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 2013 KEUR	31 December 2012 KEUR
Costs incurred on uncompleted contracts	71,999	67,392
Profit shares	11,685	10,505
Contract revenue	83,684	77,897
Payments on account	-58,764	-54,209
Set off against contract revenue	-38,111	-35,656
Receivables from long-term construction contracts	45,573	42,241
Liabilities from long-term construction contracts	20,653	18,553

Sales revenues

The sales revenues reported in the group income statement break down as follows:

	30 September 2013 KEUR	30 September 2012 KEUR
Software development and maintenance	99,392	108,287
License fees	14,142	13,787
Merchandise	15,558	4,659
	129,092	126,733

Taxes on income

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

	30 September 2013 KEUR	30 September 2012 KEUR
Effective taxes expenses		
Effective tax expenses	-2,092	-561
Deferred taxes		
Emergence and reversal of temporary differences	-616	-274
Tax expenses	-2,708	-835

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 2013 until 30 September 2013 according to IFRS

	Energy Management		Production Management		Infrastructure Management		Reconciliation		PSI Group	
	30/09/2013 KEUR	30/09/2012 KEUR	30/09/2013 KEUR	30/09/2012 KEUR	30/09/2013 KEUR	30/09/2012 KEUR	30/09/2013 KEUR	30/09/2012 KEUR	30/09/2013 KEUR	30/09/2012 KEUR
Sales revenues										
Sales to external customers	43,053	44,544	63,327	64,225	22,712	17,964	0	0	129,092	126,733
Inter-segment sales	902	1,649	1,534	607	5,444	5,041	-7,880	-7,297	0	0
Segment revenues	43,955	46,193	64,861	64,832	28,156	23,005	-7,880	-7,297	129,092	126,733
Other operating income	5,598	4,970	4,656	5,253	1,361	1,209	-6,021	-5,567	5,594	5,865
Changes in inventories of work in progress	0	0	0	-10	0	5	0	0	0	-5
Cost of purchased services	-3,401	-4,366	-8,206	-8,976	-2,951	-3,673	3,310	3,702	-11,248	-13,313
Cost of purchased materials	-2,987	-2,606	-2,689	-2,629	-10,210	-6,179	1,645	1,532	-14,241	-9,882
Personnel expenses	-31,216	-30,153	-37,857	-36,115	-9,072	-7,597	161	262	-77,984	-73,603
Depreciation and amortisation	-1,073	-1,075	-1,027	-969	-499	-510	-45	-46	-2,644	-2,600
Other operating expenses	-11,797	-10,788	-19,396	-16,632	-4,339	-4,239	7,894	6,368	-27,638	-25,291
Operating result before interest, tax, depreciation and amortisation	152	3,250	1,369	5,723	2,945	2,531	-891	-1,000	3,575	10,504
Operating result before depreciation and amortisation resulting from purchase price allocation	-921	2,175	342	4,754	2,446	2,021	-936	-1,046	931	7,904
Depreciation and amortisation resulting from purchase price allocation	-64	-89	-90	-276	0	-14	0	0	-154	-379
Operating result	-985	2,086	252	4,478	2,446	2,007	-936	-1,046	777	7,525
Interest income	87	-369	-533	-516	-388	-269	0	0	-834	-1,154
Result before income taxes	-898	1,717	-281	3,962	2,058	1,738	-936	-1,046	-57	6,371
Interest in associates carried at equity	273	193	0	0	0	15	0	0	273	208
Segment assets	50,040	47,883	69,567	74,034	50,828	47,780	1,850	2,457	172,285	172,154
Segment liabilities	29,454	29,115	49,729	46,509	16,915	16,796	11,986	5,940	108,084	98,360
Segment investments	633	2,045	964	908	398	445	1,939	700	3,934	4,098

Financial Calendar

29 October 2013	Report on the 3 rd Quarter of 2013
12 November 2013	Analyst Presentation, German Equity Forum
20 March 2014	Publication of Annual Result 2013
20 March 2014	Analyst Conference
30 April 2014	Report on the 1 st Quarter of 2014
6 May 2014	Annual General Meeting
31 July 2014	Report on the 1 st Six Months of 2014
30 October 2014	Report on the 3 rd Quarter of 2014

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

Please contact us should you require other information material.

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