

Report on the 1st Quarter of 2001



PSI 

The positive trend from financial year 2000 continued in the first quarter of 2001. The PSI Group increased sales in the first three months of 2001 by 27.4%, compared to the previous year, to Euro 39.5 million and had an EBIT of Euro 0.6 million. On 31 March 2001 the new orders of more than Euro 50 million were 32% above the value for last years 1st quarter (Euro 38 million).

PSI Group Data as per 31 March 2001 at a Glance

	1/1 - 31/3/01 in KEUR	1/1 - 31/3/01 in KEUR	Change in KEUR	Change in %
Sales	39,476	30,982	+8,494	+27.4
Operating result before goodwill amortization	1,143	485	+658	+135.7
Operating result	575	246	+329	+133.7
Result before tax	682	315	+367	+116.5
Employees on 31/3/2001	1,375	1,222	+153	+12.5

Business Development

The PSI Group increased its sales in the first three months of 2001 by 27.4% to Euro 39.5 million compared to the same period in the previous year. Sales in the Product Business increased by 1.3% to Euro 9.7 million. The System Business grew by 39.2% and attained sales of Euro 29.7 million.

In the Product Business the concentration on complete solutions with a higher share of services and synergy effects in the group lead to an improvement of the EBIT by Euro 1.1 million to Euro -1.2 million.

As a consequence of one-off expenses from the postponed IPO of the subsidiary UBIS AG and the extension of the sales activities with the focus on major customers and internationality, there was an increase in sales costs in the Systems Business which resulted in an 32% increase in new orders. This effect and increased write-offs of the goodwill resulted in the EBIT in the System Business decreasing by 31.3% to Euro 1.8 million.

The Group as a whole had a positive EBIT of Euro 0.6 million.

Liquidity increased over the same period for the previous year by Euro 15.2 million to Euro 17.7 million.

On 31 March 2001 the new orders of more than Euro 50 million were 32% above the value for the same period of the previous year (Euro 38 million). Once again the Energy Business played an important role in the increase in new orders. The major contracts attained in this business will have a positive effect on the future development of PSI. Along with this the new orders in the Product Business and in the fields of telecommunications and logistics have also developed positively.

Personnel Development

The number of employees in the Group increased compared to 31 March 2000 by 153 to 1,375. This establishes the prerequisites for PSI to achieve its growth targets.

Special Events in 1st Quarter

Armin Stein has been the new Director of Finances since 1 January 2001. His predecessor, Björn S. Eriksen, left the Management Board on 31 March 2001. Effective 1 January 2001 PSI merged the subsidiaries ECI, PLANAR and the logistics area of PSI AG into the PSI logistics GmbH.

The previously internal Internet unit of PSI was spun off into the front2back AG effective 1 January 2001.

As of 31 March 2001 the Management Board and the Supervisory Board held the following shares in PSI:

	Shares	Options
Management Board		
A. Alizadeh-Saghati	35,938	1,200
Björn S. Eriksen	0	1,200
Dietrich Jaeschke	49,885	1,200
Armin Stein	100	0
Supervisorv Board		
Wolfgang Fischer	1,049	800
Siegfried Hartmann	1,313	800
Kurt Kasch	0	0
Franz Niedermaier	3,565	0
Dietrich Walther	17,850	0
André Warner	2,695	800

Outlook

Following the successful start in the financial year, we expect the Group to continue to develop positively in the following quarters. The successes at the CeBIT and repeated increase in new orders have further improved the basis for this.

This is especially due to the compelling profile of PSI as a solution provider for resource management and the close customer relations.

We will reinforce the positive trend through strategic alliances. These will close functional gaps and strengthen our internationalisation.

We are therefore confident that we will attain our goals for 2001.

Group Statement of Income
from 1 January 2001 until 31 March 2001 according to US-GAAP

	31 March 2001 KEUR	31 March 2000 KEUR
Net sales		
Software production and maintenance	31,649	26,856
Licenses	1,864	2,688
Hardware	5,963	1,438
	39,476	30,982
Cost of sales		
Software production and maintenance	21,477	18,397
Licenses	237	852
Hardware	5,079	1,322
	26,793	20,571
Gross profit on sales	12,684	10,411
Operating expenses		
Selling expenses	5,600	4,625
General and administrative costs	2,758	2,380
Research and development costs	2,019	2,353
Capitalized research and development costs	0	-98
Depreciation of capitalized research and development costs	205	765
Other gains or losses	958	-100
	11,540	9,926
Operating result before goodwill amortization and impairment loss	1,143	485
Goodwill amortization	568	239
Impairment loss	0	0
Operating Result	575	246
Net interest, net investment income	106	69
Result before income tax	682	315
Taxes on income	-1,178	-631
Group net loss	-496	-316
Earnings per share in Euro per share	-0.06	-0.09

Group Cash Flow Statement
from 1 January 2001 until 31 March 2001 according to US-GAAP

	31 March 2001 KEUR	31 March 2000 KEUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	-496	-316
Adjustment to reconcile net loss to net cash used in operating activities		
Depreciation of intangible assets and of property, plant and equipment	1,799	2,097
Impairment loss	0	0
Pension reserves	365	327
Deferred taxes	1,013	557
Minority interests in result	0	-464
Change in assets, which are not included in investing or financing activities	-5,368	-10,273
Change in liabilities, which are not included in investing or financing activities	2,274	803
Cash flow from operating activities	-413	-7,269
INVESTING ACTIVITIES		
Additions to capitalized research and development costs	0	-98
Net additions to property, plant, equipment and other tangible assets	-749	-495
Net Additions to goodwills	0	0
Cash flow from investing activities	-749	-593
FINANCING ACTIVITIES		
Capital increase through cash payments	133	0
Minority interests	0	2,555
Financial liabilities	-267	3,479
Special item for investment grants	-53	-53
Cash flow from financing activities	-187	5,981
Increase (decrease) in cash and cash equivalents	-1,349	-1,858
Changes in cash and cash equivalents due to exchange rates	-68	0
Cash and cash equivalents at the beginning of the quarter	19,156	4,384
Cash and cash equivalents at the end of the quarter	17,739	2,526
Supplemental cash flow information		
Cash paid for interests	29	27
Cash paid for taxes	109	95

Group Balance Sheet
from 1 January 2001 until 31 March 2001 according to US-GAAP

Assets

	31 March 2001 KEUR	31 Dec. 2000 KEUR
Current Assets		
Cash and cash equivalents	17,739	19,156
Trade receivables net allowance for doubtful accounts of KEUR 332 (2000: KEUR 206)	29,965	30,728
Costs and estimated earnings in excess of billings on uncompleted contracts	43,785	34,121
Inventories	5,893	7,169
Prepaid expenses	1,007	1,564
Deferred taxes	0	0
Other receivables	3,194	4,894
	101,582	97,632
Long-term assets		
Marketable securities	4,399	4,399
Property, plant and equipment (net)	12,748	12,739
Intangible assets (net)	25,768	25,769
Deferred tax assets	0	0
	42,914	43,907
Total Assets	144,496	141,539

Equity and liabilities

Current liabilities		
Bank overdrafts	1,713	1,981
Trade payables	7,135	11,598
Billings in excess of estimated earnings on uncompleted contracts	22,421	14,070
Deferred income	4,960	4,693
Other accruals	13,749	14,621
Deferred income taxes	3,203	2,134
Other current liabilities	4,795	5,804
	57,976	54,901
Long-term liabilities		
Deferred tax liabilities	0	0
Long-term profit participation rights	15	15
Special item for investment grants	255	307
Long-term certificate of participating capital	0	1
Pension reserves	17,640	17,274
Financial liabilities	12	12
	17,921	17,609
Equity		
Capital Stock, EUR 2,55 calculated par value	25,887	24,511
Capital surplus	67,889	55,233
Revenue surplus	1,220	1,220
Contributions made for capital increase	0	13,899
Unrealized net profits from securities	94	94
Cumulative translation adjustment	-234	-167
Net retained earnings	-30,147	-29,541
	64,709	65,249
Minority interests	3,889	3,780
Total equity and liabilities	144,496	141,539

Group Segment Reporting
from 1 January 2001 until 31 March 2001 according to US-GAAP

	Product Business		Systems Business		PSI Group	
	31 Mar. 2001 KEUR	31 Mar. 2000 KEUR	31 Mar. 2001 KEUR	31 Mar. 2000 KEUR	31 Mar. 2001 KEUR	31 Mar. 2000 KEUR
Net sales						
Software production and maintenance	7,993	7,027	23,656	19,829	31,649	26,856
Licenses	1,639	2,198	225	490	1,864	2,688
Hardware	100	384	5,862	1,055	5,963	1,439
	9,732	9,609	29,744	21,374	39,476	30,983
Cost of sales						
Software production and maintenance	5,266	5,276	16,211	13,120	21,477	18,396
Licenses	223	473	14	379	237	852
Hardware	55	352	5,024	969	5,079	1,322
	5,543	6,102	21,249	14,469	26,792	20,570
Gross profit on sales	4,189	3,507	8,495	6,906	12,684	10,412
Operating expenses						
Selling expenses	1,658	2,340	3,943	2,285	5,601	4,625
General and administrative costs	850	733	1,907	1,647	2,757	2,380
Research and development costs	1,878	2,249	141	105	2,019	2,353
Capitalized research and development costs	0	-98	0	0	0	-98
Depreciation of capitalized research and development costs	16	595	189	171	205	766
Other gains or losses	957	-7	1	-93	958	-100
	5,360	5,811	6,180	4,116	11,540	9,927
Operating result before goodwill amortization and impairment loss	-1,171	-2,304	2,315	2,790	1,144	486
Goodwill amortization	-6	0	-562	-239	-568	-239
Impairment loss	0	0	0	0	0	0
Operating Result	-1,177	-2,304	1,753	2,551	576	247
Net interest, net investment income	-1	-7	107	76	106	69
Result before income tax	-1,178	-2,311	1,860	2,627	682	316
Taxes on income	28	404	-1,206	-1,035	-1,178	-631
Group net loss	-1,150	-1,907	654	1,592	-496	-315



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