

## ENERGY EFFICIENCY



## WORK EFFICIENCY



## MATERIAL EFFICIENCY



Report on the 1<sup>st</sup> Six Months of 2013

PSI 

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

	01/01-30/06/13 in KEUR	01/01-30/06/12 in KEUR	Change in KEUR	Change in %
Revenues	87,675	85,652	+2,023	+2.4
Operating Result	3,534	5,109	-1,575	-30.8
Result before income taxes	3,125	4,395	-1,270	-28.9
Net result	1,685	4,121	-2,436	-59.1
Cash and cash equivalents	23,910	25,812	-1,902	-7.4
Employees on 30 June	1,667	1,552	+115	+7.4
Revenue/Employee	52.6	55.2	-2.6	-4.7

# Interim Management Report

## Business Development

### Earnings

PSI Group increased its sales in the first half of 2013 by 2 % to 87.7 million Euros (30 June 2012: 85.7 million Euros). The EBIT was, with 3.5 million Euros, 31 % below the figure for the previous year (30 June 2012: 5.1 million Euros). As a result of higher deferred taxes, the group net result decreased to 1.7 million Euros (30 June 2012: 4.1 million Euros). New orders of 109 million Euros were 4 % below those of the previous year (30 June 2012: 114 million Euros), the order book volume on 30 June decreased to 137 million Euros (30 June 2012: 142 million Euros). In the previous year, there were two important new orders in the second quarter with a total volume of 10 million Euros and a licensing of over 2 million Euros.

Energy Management (gas, oil, electricity, heat, energy trading) had 3 % lower sales of 29.7 million Euros (30 June 2012: 30.7 million Euros) in the first six months. The EBIT for the segment was, with 0.6 million Euros considerably lower than the result for the previous year (30 June 2012: 1.7 million Euros). The gas and oil business continued its very good development; the energy trading systems business improved its result. The electrical energy business invested very heavily in multilingualism, support of Asian characters, client capability, voltage stability optimisation and other important special functions for the export to Asia. This should reduce the dependency on the German market that is still marked by the wait-and see attitude due to the energy transition.

Sales in Production Management (raw materials, industry, logistics) were, at 43.2 million Euros in the first six months, slightly below the figure for the previous year (30 June 2012: 43.7 million Euros). The EBIT decreased by 37 % to 1.9 million Euros (30 June 2012: 3.0 million Euros). The metals and manufacturing industry businesses continued their good development. In the metals industry, PSI profited with orders from North America resulting from the strongly reduced energy prices as a consequence of shale gas that is leading to significant investments in the steel and aluminium industry in the US. Production Management was burdened by the investments in software for the optimisation and control of larger logistics networks that are well over budget and a functional prototype for highly flexible graphically modelled business process and production flow control that are extremely important for the implementation of the Industry 4.0 concept. PSI is significantly involved in a number of research projects for the Industry 4.0 initiative of the German government.

Infrastructure Management (transportation and security) increased sales by 31 % to 14.8 million Euros (30 June 2012: 11.2 million Euros). The EBIT for the segment increased significantly to 1.7 million Euros (30 June 2012: 1.1 million Euros). The business in Southeast Asia and Poland again developed positively.

### **Financial Position**

Cash flow from operating activities improved by 61 % to -1.6 million Euros (30 June 2012: -4.1 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 23.9 million Euros (30 June 2012: 25.8 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 June 2013 to 1,667 (30 June 2012: 1,552) as a result of the expansion of capacity in the export markets.

### **PSI-Shares**

The PSI stock ended the first six months of 2013 with a final price of 14.95 Euros, 3 % below the final 2012 price of 15.41 Euros. In the same period the TecDAX rose by 14.3 %.

### **Risk Report**

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

### **Outlook**

PSI will continue to make additional developmental efforts in the third quarter that will offer many extremely attractive opportunities for orders in North America and Asia in the fourth quarter. As reported at the General Meeting, PSI sees 2013 as a year of transition with strong investments in technology, a change in the commercial management and the implementation of a new financial accounting and administration system. In connection with the winning of major contracts, the expectations for the year will become more concrete in the course of the fourth quarter.

# Group Balance Sheet

from 1 January 2013 until 30 June 2013 according to IFRS

<b>Assets</b>	<b>6 Month Report 01/01-30/06/13 KEUR</b>	<b>Annual Report 01/01-31/12/12 KEUR</b>
<b>Non current assets</b>		
Property, plant and equipment	14,465	14,242
Intangible assets	48,686	47,487
Investments in associates	273	427
Deferred tax assets	5,616	5,984
	<b>69,040</b>	<b>68,140</b>
<b>Current assets</b>		
Inventories	4,195	4,020
Trade accounts receivable, net	35,768	34,068
Receivables from long-term development contracts	47,650	42,241
Other current assets	6,790	4,634
Cash and cash equivalents	23,910	33,338
	<b>118,313</b>	<b>118,301</b>
<b>Total assets</b>	<b>187,353</b>	<b>186,441</b>
<b>Total Equity and Liabilities</b>		
<b>Equity</b>		
Subscribed capital	40,185	40,185
Capital reserves	35,137	35,137
Reserve for own stock	-426	-106
Other reserves	-6,668	-7,146
Net retained profits	2,550	5,567
	<b>70,778</b>	<b>73,637</b>
<b>Non-current liabilities</b>		
Long-term financial liabilities	3,855	3,900
Pension provisions	39,077	38,997
Deferred tax liabilities	2,353	2,105
	<b>45,285</b>	<b>45,002</b>
<b>Current liabilities</b>		
Trade payables	15,484	15,646
Other current liabilities	30,366	27,976
Liabilities from long-term development contracts	22,058	18,553
Short-term financial liabilities	3,358	5,449
Provisions	24	178
	<b>71,290</b>	<b>67,802</b>
<b>Total equity and liabilities</b>	<b>187,353</b>	<b>186,441</b>

# Group Income Statement

from 1 January 2013 until 30 June 2013 according to IFRS

	Quarterly Report II		6-Month Report	
	01/04/13- 30/06/13 KEUR	01/04/12- 30/06/12 KEUR	01/01/13- 30/06/13 KEUR	01/01/12- 30/06/12 KEUR
Sales Revenues	42,317	44,811	87,675	85,652
Other operating income	2,862	2,652	4,964	4,482
Changes in inventories of work in progress	0	5	0	10
Cost of materials	-7,630	-8,872	-17,723	-15,091
Personnel expenses	-25,548	-25,448	-52,265	-50,128
Depreciation and amortisation	-960	-1,001	-1,862	-1,956
Other operating expenses	-9,600	-9,082	-17,255	-17,860
<b>Operating result</b>	<b>1,441</b>	<b>3,065</b>	<b>3,534</b>	<b>5,109</b>
Interest income	6	145	19	174
Interest expenses	-441	-468	-883	-941
Result from equity investments	100	53	455	53
<b>Result before income taxes</b>	<b>1,106</b>	<b>2,795</b>	<b>3,125</b>	<b>4,395</b>
Income tax	-980	13	-1,440	-274
<b>Net result</b>	<b>126</b>	<b>2,808</b>	<b>1,685</b>	<b>4,121</b>
Earnings per share (in Euro per share, basic)	0.01	0.18	0.11	0.26
Earnings per share (in Euro per share, diluted)	0.01	0.18	0.11	0.26
Weighted average shares outstanding (basic)	15,673,580	15,676,698	15,682,250	15,676,698
Weighted average shares outstanding (diluted)	15,673,580	15,676,698	15,682,250	15,676,698

# Group comprehensive Income Statement

from 1 January 2013 until 30 June 2013 according to IFRS

	01/04/13- 30/06/13 KEUR	01/04/12- 30/06/12 KEUR	01/01/13- 30/06/13 KEUR	01/01/12- 30/06/12 KEUR
<b>Net result</b>	<b>126</b>	<b>2,808</b>	<b>1,685</b>	<b>4,121</b>
Currency translation foreign operations	-303	156	93	317
Net losses from cash flows hedges	439	-14	549	-70
Income tax effects	-131	4	-164	21
<b>Group comprehensive result</b>	<b>131</b>	<b>2,954</b>	<b>2,163</b>	<b>4,389</b>

# Group Cash Flow Statement

from 1 January 2013 until 30 June 2013 according to IFRS

	6 Month Report 01/01-30/06/13 KEUR	6 Month Report 01/01-30/06/12 KEUR
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>Result before income taxes</b>	<b>3,125</b>	<b>4,395</b>
<b>Adjustments for non-cash expenses</b>		
Amortisation on intangible assets	464	523
Depreciation of property, plant and equipment	1,398	1,433
Earnings from investments in associated companies	-455	-53
Interest income	-19	-174
Interest expenses	883	941
	<b>5,396</b>	<b>7,065</b>
<b>Changes of working capital</b>		
Inventories	-175	-27
Trade receivables	-7,113	-9,427
Other current assets	-2,730	-2,126
Provisions	-941	-532
Trade payables	-1,134	298
Other current liabilities	5,892	1,198
	<b>-6,201</b>	<b>-10,616</b>
Interest paid	-168	-114
Income taxes paid	-642	-418
<b>Cash flow from operating activities</b>	<b>-1,615</b>	<b>-4,083</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Additions to intangible assets	-692	-687
Additions to property, plant and equipment	-1,621	-1,409
Additions to investments in subsidiaries minus cash acquired	0	-556
Cash inflow from disposals of associated companies	509	0
Cash inflow from disposals of subsidiaries	479	746
Interest received	19	227
<b>Cash flow from investing activities</b>	<b>-1,306</b>	<b>-1,679</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	-4,702	-3,919
Proceeds/repayments from/of borrowings	-1,587	1,330
Outflows for share buybacks	-320	0
<b>Cash flow from financing activities</b>	<b>-6,609</b>	<b>-2,589</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
<b>Changes in cash and cash equivalents</b>	<b>-9,530</b>	<b>-8,351</b>
Valuation-related changes in cash and cash equivalents	102	317
Cash and cash equivalents at beginning of the period	33,338	33,846
Cash and cash equivalents at the end of the period	23,910	25,812

# Statement of Changes in Equity

from 1 January 2013 until 30 June 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
<b>As of 31 December 2011</b>	<b>15,676,698</b>	<b>40,185</b>	<b>35,137</b>	<b>-368</b>	<b>-2,172</b>	<b>128</b>	<b>72,910</b>
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
<b>As of 31 December 2012</b>	<b>15,694,028</b>	<b>40,185</b>	<b>35,137</b>	<b>-106</b>	<b>-7,146</b>	<b>5,567</b>	<b>73,637</b>
Group comprehensive result after tax					478	1,685	2,163
Share buybacks	-20,662			-320			-320
Dividend distributions						-4,702	-4,702
<b>As of 30 June 2013</b>	<b>15,673,366</b>	<b>40,185</b>	<b>35,137</b>	<b>-426</b>	<b>-6,668</b>	<b>2,550</b>	<b>70,778</b>

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

	Shares	Options
<b>Management Board</b>		
Dr. Harald Schrimpf	60,000	0
Armin Stein	3,300	0
<b>Supervisory Board</b>		
Dr. Ralf Becherer	1,281	0
Wilfried Götze	54,683	0
Elena Günzler	1,013	0
Bernd Haus	1,000	0
Karsten Trippel	109,750	0
Prof. Dr. Rolf Windmüller	6,305	0

The Management Board of PSI had earnings of KEUR 609 in the first six months of 2013, which consist of a fixed component of KEUR 232 and variable component of KEUR 377.

Because Supervisory Board payments are made in the 4<sup>th</sup> quarter of the year, the Supervisory Board did not obtain any remuneration in the first six months of 2013.



# Notes on the consolidated financial statements as of 30 June 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 June 2013 were released for publication by a decision of the management on 26 July 2013.

The condensed interim consolidated financial statements for the period from 1 January 2013 to 30 June 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 June 2013 KEUR	31 December 2012 KEUR
Bank balances	15,133	26,631
Fixed term deposits	8,739	6,668
Cash	38	39
	<b>23,910</b>	<b>33,338</b>

### 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 June 2013 KEUR	31 December 2012 KEUR
Costs incurred on uncompleted contracts	70,571	67,392
Profit shares	11,066	10,505
<b>Contract revenue</b>	<b>81,637</b>	<b>77,897</b>
Payments on account	-56,045	-54,209
Set off against contract revenue	-33,987	-35,656
Receivables from long-term construction contracts	47,650	42,241
Liabilities from long-term construction contracts	22,058	18,553

### Sales revenues

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

	30 June 2013 KEUR	30 June 2012 KEUR
Software development and maintenance	66,607	71,495
License fees	10,512	10,845
Merchandise	10,556	3,312
	<b>87,675</b>	<b>85,652</b>

### Taxes on income

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

	30 June 2013 KEUR	30 June 2012 KEUR
<b>Effective taxes expenses</b>		
Effective tax expenses	-988	-358
<b>Deferred taxes</b>		
Emergence and reversal of temporary differences	-452	84
<b>Tax expenses</b>	<b>-1,440</b>	<b>-274</b>

## **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 June 2013 according to IFRS

	Energy Management		Production Management		Infrastructure Management		Reconciliation		PSI Group	
	30/06/2013 KEUR	30/06/2012 KEUR	30/06/2013 KEUR	30/06/2012 KEUR	30/06/2013 KEUR	30/06/2012 KEUR	30/06/2013 KEUR	30/06/2012 KEUR	30/06/2013 KEUR	30/06/2012 KEUR
<b>Sales revenues</b>										
Sales to external customers	29,708	30,737	43,214	43,677	14,753	11,238	0	0	87,675	85,652
Inter-segment sales	661	1,019	888	424	3,601	3,381	-5,150	-4,824	0	0
<b>Segment revenues</b>	<b>30,369</b>	<b>31,756</b>	<b>44,102</b>	<b>44,101</b>	<b>18,354</b>	<b>14,619</b>	<b>-5,510</b>	<b>-4,824</b>	<b>87,675</b>	<b>85,652</b>
Other operating income	4,015	3,300	3,849	4,354	1,081	721	-3,981	-3,893	4,964	4,482
Changes in inventories of work in progress	0	0	0	0	0	10	0	0	0	10
Cost of purchased services	-2,328	-2,796	-4,850	-5,256	-2,114	-2,462	1,198	1,900	-8,094	-8,614
Cost of purchased materials	-2,448	-1,938	-2,515	-2,625	-6,384	-3,391	1,718	1,477	-9,629	-6,477
Personnel expenses	-20,990	-20,343	-25,513	-24,509	-5,953	-5,236	191	-40	-52,265	-50,128
Depreciation and amortisation	-712	-704	-674	-629	-343	-331	-30	-31	-1,759	-1,695
Other operating expenses	-7,285	-7,489	-12,456	-12,252	-2,936	-2,812	5,422	4,693	-17,255	-17,860
<b>Operating result before interest, tax, depreciation and amortisation</b>	<b>1,333</b>	<b>2,490</b>	<b>2,617</b>	<b>3,813</b>	<b>2,048</b>	<b>1,449</b>	<b>-602</b>	<b>-687</b>	<b>5,396</b>	<b>7,065</b>
<b>Operating result before depreciation and amortisation resulting from purchase price allocation</b>	<b>621</b>	<b>1,786</b>	<b>1,943</b>	<b>3,184</b>	<b>1,705</b>	<b>1,118</b>	<b>-632</b>	<b>-718</b>	<b>3,637</b>	<b>5,370</b>
Depreciation and amortisation resulting from purchase price allocation	-43	-68	-60	-184	0	-9	0	0	-103	-261
<b>Operating result</b>	<b>578</b>	<b>1,718</b>	<b>1,883</b>	<b>3,000</b>	<b>1,705</b>	<b>1,109</b>	<b>-632</b>	<b>-718</b>	<b>3,534</b>	<b>5,109</b>
Interest income	222	-213	-372	-326	-259	-175	0	0	-409	-714
<b>Result before income taxes</b>	<b>800</b>	<b>1,505</b>	<b>1,511</b>	<b>2,674</b>	<b>1,446</b>	<b>934</b>	<b>-632</b>	<b>-718</b>	<b>3,125</b>	<b>4,395</b>
Interest in associates carried at equity	273	193	0	0	0	15	0	0	273	208
<b>Segment assets</b>	<b>45,918</b>	<b>50,399</b>	<b>80,932</b>	<b>78,378</b>	<b>51,377</b>	<b>45,326</b>	<b>3,510</b>	<b>1,448</b>	<b>181,737</b>	<b>175,551</b>
<b>Segment liabilities</b>	<b>30,673</b>	<b>28,977</b>	<b>54,742</b>	<b>52,178</b>	<b>17,206</b>	<b>15,878</b>	<b>10,529</b>	<b>6,078</b>	<b>113,150</b>	<b>103,111</b>
<b>Segment investments</b>	<b>501</b>	<b>1,886</b>	<b>815</b>	<b>678</b>	<b>343</b>	<b>311</b>	<b>1,625</b>	<b>389</b>	<b>3,284</b>	<b>3,264</b>

## **Financial Calendar**

15 March 2013	Publication of Annual Result 2012
15 March 2013	Analyst Conference
29 April 2013	Report on the 1 <sup>st</sup> Quarter of 2013
7 May 2013	Annual General Meeting
30 July 2013	Report on the 1 <sup>st</sup> Six Months of 2013
29 October 2013	Report on the 3rd Quarter of 2013
11-13 November 2013	Analyst Presentation, German Equity Forum

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